

Documenting Benefit to Low and Moderate Income Persons

**Montana Department of Commerce –
Community Development Block Grant Program**

February 2009

MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

**Documenting Benefit to Low and Moderate Income Persons
For
Economic Development,
Housing, and
Public Facilities Projects**

MONTANA DEPARTMENT OF COMMERCE

Anthony J. Preite, Director

**Dave Cole, Division Administrator,
MDOC Community Development Division**

**Gus Byrom, CDBG Program Manager
Housing and Public Facilities Projects
MDOC Community Development Division**

**Karyl Tobel, Section Manager
Commerce Loan Fund, CDBG Economic Development Projects
MDOC Business Resources Division**

February 2009

DOCUMENTING BENEFIT TO LOW AND MODERATE INCOME (LMI) PERSONS
FOR
ECONOMIC DEVELOPMENT, HOUSING AND PUBLIC FACILITIES PROJECTS

Documenting Benefit to Low and Moderate Income (LMI) Persons for Economic Development, Housing, and Public Facility Projects is the Montana Community Development Block Grant (CDBG) Program's handbook with basic guidelines and principles that applicants for Montana Community Development Block Grant funds need to follow concerning documenting benefits to low and moderate persons who would be served in CDBG-funded projects.

Carefully documenting a possible CDBG project's benefits to low and moderate persons who would be served in CDBG-funded projects is very important for the CDBG Program. This is because, according to the federal Housing and Community Development Act, it is the intent of Congress that the Community Development Block Grant (CDBG) Program "provide decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate income."

Table of Contents	i
List of Exhibits	ii
Introduction	1
Section A. Understanding What "Low and Moderate Income" (LMI) Means	2
Section B. How to Determine the Percentage of Benefit to LMI for a Proposed CDBG Project	5
1. Projects providing Direct Benefit to LMI Persons	5
2. Projects providing Indirect (Area-wide) Benefit to LMI Persons	6
(a) Using HUD LMI Data	8
(b) Using Local Income Surveys	9
3. Limited LMI Clientele Benefit	12
Section C. Calculate LMI Benefit for Each Project Activity	13
Section D. Determine Overall LMI Benefit (by Determining Percentage of Non- Administrative CDBG Funds Used to Benefit LMI)	14
Section E. Retain Records to Document Benefit to LMI Households	16
1. Records for Direct Benefits	17
2. Records for Indirect (Area-wide) Benefits	17
Conclusion	18
Requirements Checklist	19
Sample LMI Map	20
EXHIBITS A-L	A-L

LIST OF EXHIBITS

- A. Federal Standards for Definition of Low and Moderate Income (LMI) Status**
- B. Sample HUD Income Limits for Determination of LMI Status**
- C. Percentages of Low and Moderate Income Persons in Montana Counties and Municipalities (also available at: <http://www.comdev.mt.gov/tsep/target.aspx>)**
- D. Guidelines for Conducting Local Income Surveys for CDBG Projects (including Sample Size Requirements for Income Surveys)**
- E. Model Household Income Survey for Area-wide CDBG Projects**
- F. CDBG Requirements Regarding Assessments and Hookup Charges**
- G. Model Household Income Survey Format for Area-wide CDBG Public Facility Projects Which Will Involve Special Assessments**
- H. Targeting LMI Benefits for CDBG Public Facility Projects**
- I. Sample CDBG Public Facilities Targeting Plan for A Project with Direct Benefit to LMI**
- J. Income Certification Form for Projects with Direct Benefit to LMI Households**
- K. CDBG Benefit Low and Moderate Income (LMI) Form**
- L. Documenting Benefit to LMI for the CDBG Economic Development Program**

Documenting Benefit to Low and Moderate Income Persons for Economic Development, Housing, and Public Facility Projects outlines the basic guidelines and principles that applicants for Montana Community Development Block Grant funds need to follow concerning documenting benefits to low and moderate persons who would be served in CDBG-funded projects.

Carefully documenting a possible CDBG project's benefits to low and moderate persons who would be served in CDBG-funded projects is very important – because, according to the federal Housing and Community Development Act, it is the intent of Congress that the Community Development Block Grant (CDBG) Program "provide decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate income."

In addition to this ***Documenting Benefit to Low and Moderate Income Persons handbook***, the Montana Department of Commerce (MDOC) has a variety of resources to assist you in preparing a CDBG grant application and in documenting LMI benefits in a CDBG-funded project.

- Copies of all CDBG application materials are available and may be ordered from MDOC CDBG staff at the addresses noted on page iii below. These application materials are available in paper format or in electronic format from CDBG (by e-mail or on a computer diskette) or may be downloaded from the MDOC websites:

http://comdev.mt.gov/CDD_CDBG_RA.asp
CDBG Housing and Public Facilities Program

and

http://businessresources.mt.gov/BRD_cdbg.asp
CDBG Economic Development Program (CDBG-ED)

- MDOC has prepared supplementary materials to help local officials prepare CDBG applications and comply with the various requirements, including:
 - sample income survey forms
 - budget forms
 - sample community needs assessment forms and needs assessment guidelines
 - formats for public hearing announcements and local government resolutions
 - computerized application formats and checklists to help make sure that a CDBG application you submit is complete
 - copies of previously successful applications submitted by other communities that you can borrow.
- Local officials and staff or consultants are welcome to contact or meet with the MDOC CDBG staff to discuss any questions or concerns they may have regarding the CDBG application guidelines and requirements.
- Any inquiries regarding the program or potential CDBG projects should be made as far in advance of the application deadlines as possible. If you have any questions regarding Montana's CDBG Program, please contact us at the phone, fax, or e-mail numbers shown on the following page.

Sources of Low and Moderate Income Information:

- Exhibit C of this handbook contains data concerning “Percentages of Low and Moderate Income Persons for Montana Counties and Municipalities” that is derived from the **2000 U.S. Census**.
- The LMI percentage for a given place, county or Census Designated Place (CDP) can also be found at MDOC’s website at <http://www.comdev.mt.gov/tsep/target.aspx>. Preliminary 2010 U.S. Census data is expected to be available no earlier than March 2011. (See <http://ceic.mt.gov/Census2010.asp>)

- **Low and Moderate Income (LMI) maps for your community are available from the Montana CDBG Program (http://comdev.mt.gov/CDD_CDBG.asp) and from the MDOC Community Technical Assistance Program (CTAP, http://comdev.mt.gov/CDD_ctap.asp).**

- CDBG and CTAP have been developing maps showing areas of counties and incorporated cities which have populations over 51 percent low and moderate income to assist local governments in identifying their community development needs. These maps are particularly useful in identifying geographic concentrations of low and moderate income households for potential CDBG projects. Contact the CDBG or CTAP Program for a listing of counties, cities, and towns for which LMI maps have been prepared.
- A sample map prepared for the City of Wolf Point appears on page 20 of this document. Note how this map depicts concentrations of low and moderate income households in the northern and southern portions of the community.
- CTAP staff can prepare maps for your community. CTAP provides free technical assistance to local governments and their planning boards and zoning commissions, private sector developers, engineers, and consultants to encourage the development of well planned and attractive communities to support the State's economic development efforts. Contact CTAP (http://comdev.mt.gov/CDD_ctap.asp) at (406) 841-2598.
- Other map and demographic resources that may be helpful as you prepare grant applications and do community development planning can be found at CTAP’s website at http://comdev.mt.gov/CDD_ctap.asp -- and also in Appendix P of the CDBG’s current Housing and Neighborhood Application Guidelines, available on-line at: http://comdev.mt.gov/CDD_CDBG_Hous.asp
- **MDOC’s Montana Census and Economic Information Center (CEIC) has maps identifying census districts within each county.** CEIC: Telephone: 406-841-2740 / TTD: 406-841-2702. Website (<http://ceic.mt.gov>). A wide variety of CEIC data can be accessed on-line via the CEIC website. Microfiche copies of the county census district maps are available free from CEIC. Paper copies of the maps may be purchased.
 - CEIC Maps identifying the census districts within each county may be ordered from:
Montana Census and Economic Information Center
406-841-2740
Montana Dept of Commerce
301 S. Park Ave., P.O. Box 200505
Helena, Montana 59620-0505
 - The CEIC provides access to a variety of map services and GIS resources (geographical information services) and links to other map resources at the following CEIC webpage: http://ceic.mt.gov/Maps_Gis.asp

For information regarding CDBG ECONOMIC DEVELOPMENT projects, contact:

**CDBG Program - Economic Development
MDOC Business Resource Division
301 S. Park / P.O. Box 200501
Helena, MT 59620-0501
Phone: (406) 841-2734**

**Karyl Tobel, Section Manager
Commerce Loan Fund, CDBG Economic Development Projects
E-mail: Karylt@mt.gov
Phone: (406) 841- 2733 /FAX: (406) 841-2731**

**For information regarding CDBG HOUSING AND PUBLIC FACILITIES projects,
contact:**

**CDBG Program - Housing and Public Facilities
MDOC Community Development Division
301 S. Park / P.O. Box 200523
Helena, MT 59620 - 0523
Phone: (406) 841- 2791**

**Gus Byrom, CDBG Program Manager
Housing and Public Facilities Projects
E-mail: Gbyrom@mt.gov
Phone: (406) 841-2777
FAX: (406) 841-2771**

The Montana Department of Commerce does not discriminate on the basis of disability in admission to, access to, or operation of its program, services, or activities. Individuals who need aids or services for effective communications or other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known. Please provide as much advance notice as possible for requests.

TDD: (406) 841-2702

DOCUMENTING BENEFIT TO LOW AND MODERATE INCOME (LMI) PERSONS FOR ECONOMIC DEVELOPMENT, HOUSING AND PUBLIC FACILITIES PROJECTS

INTRODUCTION

The Community Development Block Grant (CDBG) Program is a federally-funded grant program designed to help communities with their greatest community development needs. The program was established by the Federal Housing and Community Development Act of 1974 (42 USC 5301) and is administered nationally by the U.S. Department of Housing and Urban Development (HUD).

According to the federal Housing and Community Development Act, it is the intent of Congress that the Community Development Block Grant (CDBG) Program "*provide decent housing and suitable living environments and expanding economic opportunities, **principally for persons of low and moderate income.***"

The basic framework of Montana's CDBG Program was established in 1982 by a 14-member CDBG Task Force composed of local government officials that was appointed by the Montana Department of Commerce (MDOC) to design the State's CDBG program. **The task force was committed to preserving the program's focus of principally benefiting low and moderate income persons. Furthermore, task force members felt strongly that maintaining the emphasis on benefit to low and moderate income persons was critical to assure long-term Congressional support for the CDBG program. As a result, they established the following basic requirement for every local project that has been maintained for Montana's CDBG Program since 1982:**



Each applicant must document in its application that a minimum of 51% of the non-administrative funds requested for a CDBG project will be used for activities that are clearly designed to meet identified needs of low and moderate income (LMI) persons in the project area.



Applicants must also demonstrate that any activities proposed would not benefit moderate income persons in a manner that would exclude or discriminate against low-income persons.

In addition to this basic threshold requirement for receiving CDBG assistance, documenting benefit to LMI persons is also important to applicants for CDBG Housing and Neighborhood Renewal Program funds and CDBG Public Facilities Program funds. This is because the percentage of CDBG funds that would benefit LMI persons in a proposed CDBG project is used in the ranking of applications (using a "Benefit to LMI Persons" ranking criterion) during the annual grant competitions for Housing and Neighborhood Renewal funds and Public Facilities funds. To reflect Congress' intent that CDBG funds principally benefit LMI families, the scoring systems for both Housing and Public Facilities project categories assign points based on the percentage of CDBG funds that would benefit LMI persons.

See the CDBG Housing and Public Facilities application guidelines for the "Benefit to LMI Persons" ranking criterion:

http://comdev.mt.gov/CDD_CDBG_RA.asp

The following text summarizes the basic concepts that you will need to understand to determine whether a project would comply with the LMI benefit requirements and how to document benefit to LMI.

- All CDBG projects must be designed to principally benefit low and moderate income families.
- Each applicant must document in its application that:



A minimum of 51% of the non-administrative funds requested for a CDBG project will be used for activities that are clearly designed to meet identified needs of low and moderate income (LMI) persons in the project area; and



Any activities proposed would not benefit moderate income persons in a manner that would exclude or discriminate against low income persons.

A. UNDERSTANDING WHAT "LOW AND MODERATE INCOME" (LMI) MEANS

According to the 2000 Census, the 1999 "median family income" for Montana, as a whole, was \$40,487. This means that in 1999, half of Montana's families had incomes above \$40,487 and half had incomes below this amount.

The federal Housing and Community Development Act establishes the definition of "low and moderate income person" that MDOC uses to determine the eligibility of families and local governments for CDBG assistance. Under this law, "**low and moderate income**" is defined as the **greater of either**:

- 80% of the median family income for the county in which a CDBG project would be located; **or**
- 80% of the median family income for the entire nonmetropolitan area of the State (all of Montana, excluding Billings, Great Falls, and Missoula).



For the purpose of the CDBG program, "income" includes the gross family income or all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor.

- **Exhibit E** of this handbook (page E-2) and Exhibit G (page G-2) provide a summary of what types of income are included in the gross family income.
- **Exhibit A** of this pamphlet provides details concerning what types of income are included in the gross family income. Under federal law, the CDBG program uses the statutory definition of "income" used for the Section 8 Assisted Housing Program administered by the U.S. Department of Housing and Urban Development (HUD). For reference, the pertinent sections of federal law that define "annual income" in detail are excerpted in Exhibit A. Exhibit A also identifies some gifts or types of payments that do not have to be included when computing a family's gross annual income.

➔ The U.S. Department of Housing and Urban Development (HUD) Section 8 Assisted Housing Program (http://housing.mt.gov/Hous_S8.asp) and the HUD HOME (Home investments Partnership Program, http://housing.mt.gov/Hous_HM.asp) use the same income levels that CDBG uses to define eligibility for assistance.

➔ However, the terminology for these income levels in the HOME and Section 8 housing programs is different from that used by CDBG:

- The term “*Low Income*” for Section 8 and HOME purposes is **equivalent to the term “*Moderate Income*” for the CDBG program.**
- The term “*Very Low Income*” for Section 8 and HOME is **equivalent to the term “*Low Income*” for the CDBG Program.**

As the chart on the next page suggests, the terms “Low” and “Very Low” are probably a more accurate way to describe these income levels -- **but the CDBG Program (under HUD rules) needs to use the terms “Moderate Income” and “Low Income” in defining CDBG’s “LMI benefits” for our projects.**

Most people think of “moderate” as meaning “average” or “medium.”

➔ However, for CDBG purposes:

- **Moderate Income is defined as income from 50% to 80% of median family income.**
- **Low Income is defined as income below 50% of median family income.**

The specific CDBG income limits used to define “low income” and moderate “income” according to household size for each of Montana’s counties are included in tables which are adjusted annually by HUD to account for inflation.

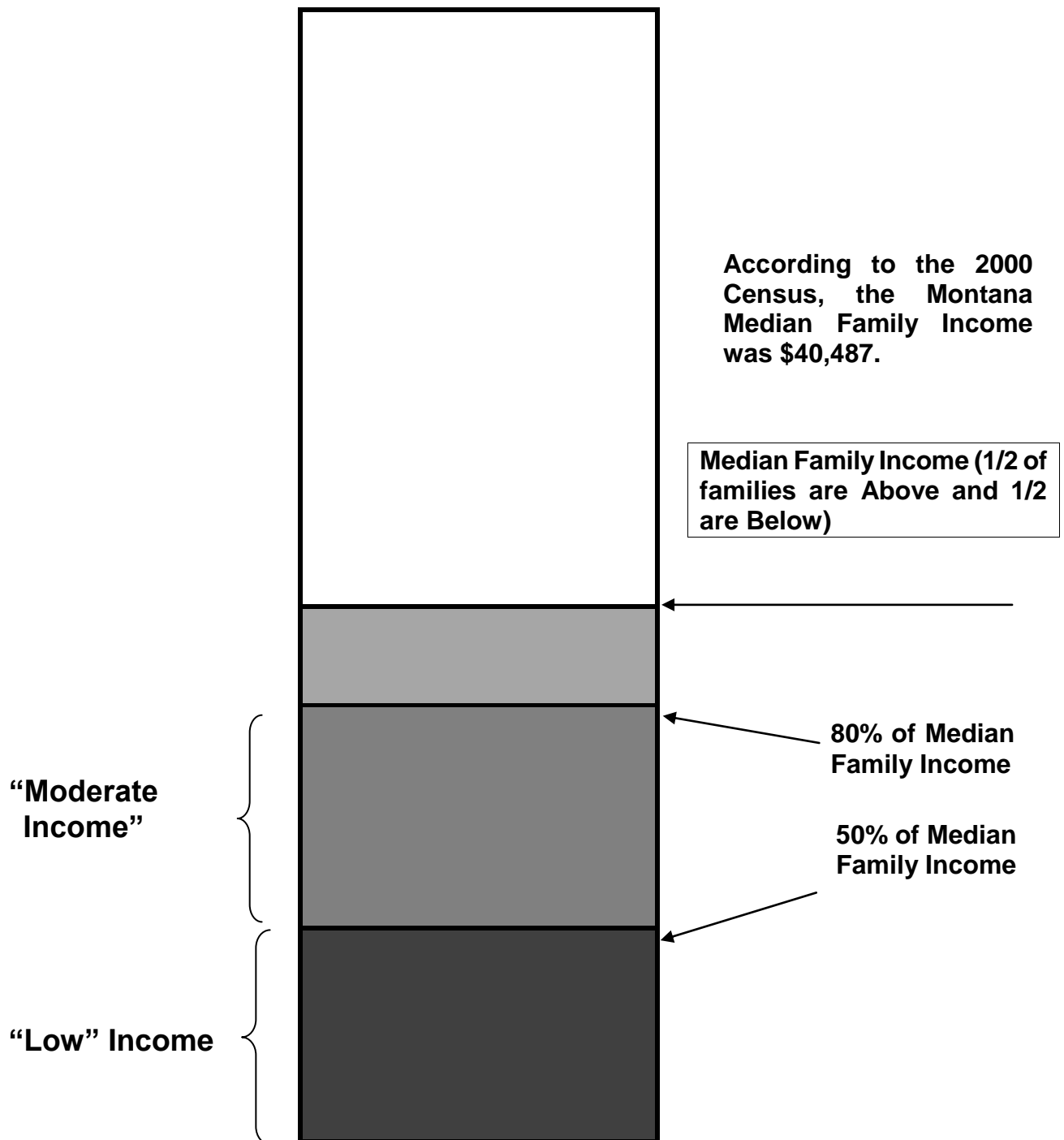
The applicable higher amount -- the higher amount of either 80% of the median income for the county or 80% of the median income for the nonmetropolitan area for the State) -- is incorporated by HUD into the LMI tables that HUD creates annually (usually in February or March) and posts the updated income levels at the HUD website.

Montana CDBG takes the HUD data and creates charts and tables that use the CDBG terminology. A sample table is shown in **Exhibit B** of this LMI benefits handbook.

➔ **Copies of the current LMI income limit tables (in the same format as Exhibit B) can be requested from the Montana Department of Commerce (MDOC) CDBG staff (406 841-2791) or downloaded from the MDOC CDBG Website:**

http://comdev.mt.gov/CDD_CDBG_LMI.asp

CDBG LOW AND MODERATE INCOME



B. HOW TO DETERMINE THE “PERCENTAGE OF BENEFIT TO LMI PERSONS” FOR A PROPOSED CDBG PROJECT

- In order for any proposed project to be eligible for CDBG funding, a minimum of 51% of the CDBG dollars requested for the proposed project must benefit LMI persons. Making sure your project would meet this threshold requirement is a basic concern for any prospective CDBG applicant.
- Statistics used to fulfill this requirement must relate only to those LMI households or persons residing within the specified project or service area or who would benefit from the project. Sources for all statistics and the methodology for obtaining the data must be clearly described in the application you submit to CDBG.
- Compliance with the 51% benefit to LMI requirement is calculated using one of three basic approaches to document benefit to LMI persons:
 1. projects with direct benefit to LMI persons, or
 2. projects with indirect benefit (or area-wide benefit) to LMI persons, or
 3. projects with benefit to a “limited LMI clientele.”
 - The three scenarios (and combinations of them) are defined and explained below.
 - Local CDBG projects can include activities that use more than one of these approaches for demonstrating benefit to LMI persons.

1. Projects providing Direct Benefit to LMI Persons: “Direct Benefit to LMI” occurs in activities that are designed to exclusively serve LMI persons.

Direct benefit to LMI persons occurs in activities that are designed to exclusively serve LMI persons. For example, a direct benefit activity occurs when the community has income eligibility requirements that limit the benefits of the CDBG activity to only LMI families -- such as:

- a housing rehabilitation project where CDBG funds will be used to upgrade housing owned or occupied by LMI households, or
- a public facility project that will pay special improvement district assessments or utility hookup charges for only LMI households.

For all direct benefit situations, CDBG recipients must document (in the course of a project) the eligibility of the persons or families that will receive such CDBG direct benefits. Documenting LMI benefit for direct benefit projects is relatively clear-cut since potential recipients of CDBG assistance are screened against the HUD income limits for the county in which the project is located. Applicants for direct CDBG assistance must provide adequate documentation of their gross annual income.

The general concept that is applied in documenting direct low and moderate income benefit is that the greater the total financial benefit that will be provided to a family, the greater the responsibility to verify the accuracy of the family’s income claim. For example:

- In a housing rehabilitation project, where a family may be receiving a \$20,000 grant (or low interest loan, depending on the ability of the family to repay a loan), a typical approach is to require applicants for CDBG assistance to submit documentation to confirm gross annual

household income, such as a copy of their most recent state or federal income tax return.

- **In a public facility project**, where the project will provide substantial direct benefits (such as paying for a special improvement district property assessment or paying hookup fees), the CDBG assistance may involve from \$5,000 to \$10,000 per household (the CDBG ceiling is \$20,000). In all cases, the persons receiving direct assistance need to be aware that providing false information is a serious matter and constitutes fraud under federal law.

(a) Direct LMI Benefit in Housing and Neighborhood Renewal Projects

Housing projects usually project in their applications to CDBG that their project will have 100% benefit to LMI households because they can adopt guidelines to assure that only LMI households will receive CDBG assistance to improve their housing units or purchase a home. In order to be competitive, housing project applications almost always project 100% benefit to LMI.

Under HUD regulations, any activity carried out with CDBG funds that involves the **acquisition or rehabilitation of property to provide housing is considered to benefit LMI only to the extent that upon completion, the housing will be occupied by LMI persons**. In order for rental units rehabilitated with CDBG funds to be considered as benefiting LMI, the majority of the housing units in a structure must be occupied after rehabilitation by **LMI persons at affordable rents**.

(b) Direct LMI Benefit in Public Facilities Projects

A growing trend is for public facility project applications to propose using CDBG funds to pay directly (for LMI families in the project area) for the cost of water or sewer hookups, water meter installation, or special improvement district assessment costs -- costs which otherwise would have been imposed on low or moderate income households. These, too, are considered direct benefit situations and are often very competitive applications.

The Federal Housing and Community Development Act imposes special requirements on projects that will be financed, in part, by hookup charges or assessments on property (such as through a special improvement district). The proposed *targeting procedures* must be consistent with the requirements described in Chapter V, Section C (Special Requirements for Public Facilities Projects) of the *CDBG Application Guidelines for Public Facilities Projects*.

Exhibit H ("Targeting CDBG LMI Benefits for Public Facility Projects") discusses techniques for increasing the overall benefit to low and moderate income persons by providing direct benefits to LMI families in public facility projects.

Exhibit I ("Sample CDBG Public Facilities Targeting Plan for Direct Benefit to LMI") includes an example of a targeting plan prepared by the City of Missoula for a sewer project.

2. Projects providing indirect (Area-wide) Benefit to LMI Persons



It is possible for public facilities projects to **combine direct LMI benefit activities with area-wide (indirect) LMI benefit activities**. This can increase the proportion of CDBG funds that will benefit LMI households, and thus make a project more competitive (higher scoring) on CDBG's "Benefit to LMI Persons" grant application ranking criteria. See Ranking Criterion 4 in CDBG's

"Area-wide" (or indirect) benefit to LMI occurs in project activities designed to serve needs in a geographic area that has a mix of income levels (i.e., a project which would benefit all the residents of the project area equally, regardless of income).

- Area-wide benefit involves activities that do not have income eligibility requirements for individual households, but instead serve an entire geographic area (and all of its households).
 - In these cases, CDBG funding is combined with the funding from other sources to construct improvements to community public facilities (such as a water or wastewater system, fire protection equipment, or a community center), facilities that serve an entire project area or an entire community.
- HUD regulations provide that applicants proposing to use CDBG funds for **area-wide** (i.e., indirect) benefit activities **must provide data that demonstrates that at least 51% of the persons who would benefit from CDBG assistance have low or moderate incomes -- that is, such area-wide projects must provide data proving that at least 51% of the families in the project area are LMI.**
 - For projects proposing activities that would provide an area-wide benefit to LMI, the process of documenting benefit to low and moderate income can be more involved than for direct benefit situations.
 - The actual project area boundaries must be clearly delineated, because these boundaries determine which households would be served and, therefore, affect the calculation of the LMI benefit.
 - For example: A water well project that supplements a town's existing water supply would benefit all of the town's residents that receive water service. **In such a case, the community-wide percentage of LMI households would be the appropriate figure to quantify LMI benefit.**

Examples of how CDBG examines an application's claims of LMI benefits:

- **In reviewing proposed LMI benefits for a public facility project, MDOC will evaluate how CDBG financial participation in the project would actually benefit LMI residents.** This is often dependent on how a conventional public facilities project would be financed.
 - **For example:** Using a CDBG grant to install new water lines in a particular neighborhood that is mostly LMI families would **not** be considered to be **principally** benefiting LMI **if the practical result would be that the town, as a whole, will incur a smaller loan for the project resulting in lower water rates for all system users community-wide.** In such a case, the **community's overall percentage of LMI would be used to score LMI benefit** -- since all of the community's residents would share equally in the financial benefit from the CDBG assistance by getting lower user charges.
 - **Another example:** Another project, one that would use CDBG funds to pay the special improvement district (SID) assessments for installing sewer mains in a residential neighborhood, would be a **project area that encompasses only the**

specific homes served by the SID. In this case, CDBG would look for an income survey of the households within the SID area, a survey that would document the number and percentage of LMI households affected – and that percentage would be the LMI percentage accepted for this project activity.

Any activity proposed for an area-wide CDBG project must also be clearly designed to meet identified needs of families in the area.

- Under HUD regulations, **an activity that serves an area that is not primarily residential in character cannot qualify as an area benefit activity.** For example, street construction in a downtown business district would **not** qualify as an area benefit activity.

Area-wide or indirect benefit to low and moderate income persons can be documented in two ways:

- (a) **Using HUD's Low and Moderate Income Data** to document benefits to LMI persons, or
- (b) **Using Local Income Surveys** to document benefits to LMI persons.

(a) Using HUD's Low and Moderate Income Data to document benefits to LMI persons



If the HUD Low and Moderate Income Data lists the applicant's percentage of LMI as 51% or greater, this source can be cited by an applicant and would be considered acceptable documentation for CDBG eligibility. HUD has calculated the percentages of "low and moderate income" persons for every county, city, and town in the State, using 2000 Census data. Those percentages are shown in **Exhibit C** of this LMI benefits handbook.

Exhibit C includes HUD LMI data for counties and municipalities. Data concerning "Percentages of Low and Moderate Income Persons for Montana Counties and Municipalities" (Exhibit C) is derived from **2000 Census data**. Preliminary 2010 U.S. Census data is expected to be available no earlier than March 2011. See <http://ceic.mt.gov/Census2010.asp>.

Local officials and staff may find it useful to review this more detailed LMI data and corresponding Census maps to help identify concentrations of LMI families that could be assisted with CDBG housing or public facility projects.

Resources for getting and understanding HUD's LMI income data as it relates to your community:

- **MDOC's Census and Economic Information Center (CEIC, <http://ceic.mt.gov/index.asp>)** has calculated this LMI data for all levels of the of the U.S. Census, including:
 - counties;
 - places (incorporated municipalities and census designated places);
 - tracts or block numbering areas; and
 - block groups.
- **CEIC can help you get and understand this LMI and Census data:** For further information contact the Census and Economic Information Center at MDOC by (telephone at (406) 841-2740, or see the CEIC website listed above or e-mail them using their webpage e-mail form at <http://ceic.mt.gov/emailform.asp>

- **Census, LMI and “Target Rate” information is also available from MDOC’s Community Development Division website:** The LMI percentage for a given place, county or Census Designated Place (CDP) can also be found on-line at MDOC’s website at:
<http://www.comdev.mt.gov/tsep/target.aspx>
- **MDOC’s Community Technical Assistance Program (CTAP) provides low and moderate Income maps for your community.** CTAP staff can prepare maps for your community and also provides free technical assistance to local governments and their planning boards and zoning commissions, private sector developers, engineers, and consultants to encourage the development of well planned and attractive communities to support the State's economic development efforts. Contact CTAP (website: http://comdev.mt.gov/CDD_ctap.asp) at (406) 841-2598.

(b) Using Local Income Surveys to document benefits to LMI persons



When do you need to conduct an income survey?

In situations where:

- (a) the HUD data indicates that less than 51% of persons in the community have low and moderate incomes; or
- (b) in cases such as proposed applications for water or sewer districts where HUD and census data is not available; or
- (c) where census boundaries do not correspond to the proposed project area;

the applicant would have to conduct an income survey of local residents in the project area to document that 51% or more persons in the community (or in the project area) have low and moderate incomes.



Otherwise, the project would not be eligible to apply for or receive CDBG funds.



Contact CDBG to consult about whether you need to or should conduct an income survey.

Additional reasons to do an income survey -- even if the census data indicates the community has 51% or more of it population have low or moderate income:

- (1) Many communities have found that a thorough local income survey indicates a percentage of LMI persons from five to ten percent higher than HUD estimates show. A major reason for this is that the HUD figures are calculated from 2000 Census data which is actually based on 1999 income information.
- (2) Some communities have experienced changes in their local economy that only a more current survey would reflect.

(3) In addition, nationally, Census data is based on a one in six survey sample. Most CDBG applicants survey a higher proportion of local households and may, in fact, develop data that is more representative of local income levels, in addition to being more current.

- By conducting a local income survey, a community is, in essence, demonstrating that U.S. Census data no longer accurately reflect current economic conditions for local households.
- The burden of proof is on the applicant to document that its local income survey has met the minimum requirements for a local income survey.
- **CDBG staff will carefully review all local LMI survey results (especially those that vary more than 15 percent from the HUD LMI Data based on the previous Census) to make sure that the survey methodology meets MDOC minimum requirements for local income surveys.**



MDOC cannot accept the results from a local income survey for ranking purposes unless the applicant has:

- a. adequately described the survey methodology used; and
- b. adequately documented that the methodology meets the CDBG requirements, including:
 1. the use of correct LMI income levels;
 2. the use of an acceptable survey format;
 3. meeting minimum sample size; and
 4. the survey sample was either truly random OR the total population was surveyed.



It is also important that the survey format make it possible to request verification at a later date, if required by HUD or MDOC.



Once a community has conducted an LMI survey (since the date that the 2000 Census data was conducted in 1999) in compliance with MDOC requirements, it will not need to complete another survey until new LMI data is available (from the year 2010 U.S. Census).



See Exhibit D ("Guidelines for Conducting Local Income Surveys") for a description of the requirements that apply when local governments conduct their own income surveys.

The guidelines in Exhibit D also include suggestions to help applicants carry out more effective surveys.

Low and Moderate Income Maps are available from CDBG and CTAP

The Montana CDBG Program and the CTAP Program have been developing maps showing those areas of counties and incorporated cities which have populations over 51 percent low and moderate income to assist local governments in identifying their community development needs.

These maps are particularly useful in identifying geographic concentrations of low and moderate income households for potential CDBG projects. Contact the CDBG Program for a listing of counties, cities, and towns for which LMI maps have been prepared – or to get a map for your community or project area.

A sample map prepared for the City of Wolf Point appears on page 20. Note how this map depicts concentrations of low and moderate income households in the northern and southern portions of the community.

Surveys for area-wide public facilities projects: Where an income survey is being conducted and where all the households in the CDBG project area will benefit equally, it **is usually sufficient** to have the household complete an income survey form (such as that shown in **Exhibit E**) which states that the person responding to the survey will provide evidence to verify that the income stated is correct, if requested. **However, it is critical that the survey format make it possible to verify the incomes of survey respondents at a later date, if required by HUD or by the Department of Commerce. This means that the survey should be coded numerically to be able to match a completed survey with the responding household.**

Who should be included in a survey? For CDBG purposes, **the permanent, occupied households, as opposed to seasonal occupants in a community are the households that should be surveyed.** If a question arises as to the status of a resident, the registered voting place should be considered the occupant's residence or where the resident resides the majority of the year and declares residency for income tax purposes.

What type of income survey is needed for different types of projects?



Area-wide benefit projects should use the standard survey format for area-wide projects shown in **Exhibit E** – except as noted below.



Applicants considering CDBG **public facilities projects that may be financed with special assessments** should carefully review **Exhibit F** ("CDBG Requirements Regarding Assessments and Hookup Charges"). **If the project will come under the federal requirements outlined in Exhibit F**, the local government will have to use a special survey format (given in **Exhibit G**) that will allow a project to distinguish low income households from moderate income households.



Exhibit H ("Targeting CDBG LMI Benefits for Public Facility Projects") discusses techniques for increasing the benefits to low and moderate income persons in an area-wide CDBG project by providing direct benefits to LMI families.

3. Projects with Benefit to a “Limited LMI Clientele”

A "limited clientele" activity is an activity that benefits a specific group of people (rather than all the residents in a particular area), at least 51% of whom are LMI persons. To qualify under the “Limited LMI Clientele” category, the activity must meet one of the following four tests:

1. **Benefit a clientele who are generally presumed by HUD to be principally LMI persons. Only the following groups are currently presumed by HUD to meet this “Limited LMI Clientele” criterion.** HUD regulations: 24 CFR 570.208 (a)(2):

- abused children,
- battered spouses,
- elderly persons,
- adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled."
- homeless persons,
- illiterate adults,
- persons living with the disease AIDS, and
- migrant farm workers

2. **Require information on family size and income so that it is evident that at least 51% of the clientele are persons whose family income does not exceed the LMI limit; or**

3. **Have income eligibility requirements which limit the activity exclusively to LMI persons; or**

4. **Be of such nature and location that it may be reasonably concluded that the activity's clientele will primarily be LMI persons.**

Limited clientele activities also include special projects directed to the removal of material and architectural barriers that restrict the mobility and accessibility of elderly or handicapped persons to publicly-owned and privately-owned nonresidential buildings, improvements, and the common areas of residential structures containing more than one dwelling unit.



For the purposes of Montana's CDBG program, limited clientele activities are presumed to provide 51% benefit to low and moderate income persons.

Examples: The minimal LMI requirement (51%) can be met by using CDBG funds to assist a facility that will primarily serve a LMI clientele, such as a Head Start Center or a Senior Citizens Center:

- **Head Start Centers are presumed to provide 90% benefit to LMI because the program's federal requirements mandate that at least 90% of the children served come from lower income families.**
- **Senior Centers are presumed to principally benefit LMI persons and would be automatically assigned a 51% LMI benefit for ranking purposes -- unless there is other documentation to show that the senior center's service recipients have a higher LMI percentage.**

- **If an applicant wants to claim a higher percentage of LMI benefit (higher than the 51% figure) -- for a project that will make improvements to an existing senior center (or another limited clientele facility) -- the applicant must conduct a CDBG-approved income survey of persons served by the senior center (or other limited clientele facility).**



The proportion of CDBG funds that will benefit LMI persons in a proposed project is used in the scoring of CDBG applications – see Ranking Criterion 4 in CDBG’s *Housing and Neighborhood Renewal Application Guidelines* and Ranking Criterion 6 in CDBG’s *Public Facilities Application Guidelines*. The *Guidelines* are on-Line at:

http://comdev.mt.gov/CDD_CDBG_RA.asp



It is to a CDBG applicant's advantage to survey the incomes of the persons to be served by a limited clientele project in order to document a higher than 51% benefit to LMI. (51% LMI will make a proposed project eligible for possible CDBG funding but would not necessarily make for a very competitive application).

For example: Custer County did a survey of the clientele of the Eastern Montana Mental Health Center and determined that 91% (not just 51%) of the people the center served were LMI.

Another example: Carbon County did a survey of the Red Lodge Senior Citizens Club and determined that 92% of the seniors that it served were LMI.



Without surveys to document the actual incomes of these "limited clienteles," both of the projects cited would have been scored at only 51% benefit to LMI – and would have received a much lower score on the important “Benefit to LMI Persons” Ranking Criterion.

Activities that serve an entire geographic area cannot qualify under the limited clientele criterion. For example, HUD does not consider jails to be a limited clientele activity. Projects to improve or construct jails or correctional facilities are considered a community-wide benefit and must be justified on the basis of the percentage of LMI persons in the entire jurisdiction being served by the facility.

In addition, the following kinds of activities cannot qualify under the "limited clientele" category:

- activities where the benefits are available to all the residents of an area;
- activities involving the acquisition, construction, or rehabilitation of property for housing;
- activities where the benefit to LMI persons is the creation or retention of jobs.

C. (FIRST) CALCULATE LOW AND MODERATE INCOME (LMI) BENEFIT FOR EACH PROJECT ACTIVITY

Compliance with the benefit to LMI requirement is calculated on an activity-by-activity basis.

The “percentage of benefit to LMI” is calculated as a percentage of the total number of households that will benefit from each activity that is included in the CDBG project -- as in the following example:

Activities	LMI Households Benefiting	Total Households Benefiting	Percent of Benefit to LMI Households
Housing Rehabilitation	20	20	100%
Neighborhood Sidewalk Improvements	20	35	57%

- In the example provided above, **the applicant proposes to assist only LMI families with housing rehabilitation activities.**
 - Therefore, this activity is considered a **direct benefit** activity. **The applicant would claim 100% LMI benefit (20 divided by 20) for this activity because it can assure that only LMI households will benefit.**
- In contrast, the **neighborhood sidewalk improvements** will be made throughout the entire project area. **In this example 20 of the total of 35 families receiving sidewalk improvements are reported to be LMI.** This is an area-wide (or indirect) benefit activity.
 - The percentage of LMI benefit that would be claimed for this **neighborhood sidewalk improvements activity** is equal to the percentage of LMI households in the project area, 57% (20 divided by 35).
- Once you have calculated the LMI benefit percentage for each (non-administrative) project activity, as in the example above, then you can determine the project's overall LMI benefit (using the method outlined on the next page).

D. (THEN) DETERMINE THE OVERALL LMI BENEFIT FOR A PROPOSED PROJECT.

- **Overall project benefit to LMI persons is calculated by converting the percentage of LMI benefit for each project activity using the amount of non-administrative CDBG dollars requested for each project activity.**
 - **Determine the percentage of non-administrative CDBG funds used to benefit low and moderate income persons, as in the following example.**

Activities	<u>Non-administrative</u> Amount Requested		Percent of Benefit to LMI Households	Funds Benefiting LMI Households
Housing Rehabilitation	\$400,000	x	100% =	\$400,000
Neighborhood Sidewalk Improvements	\$ 50,000	x	57% =	\$28,500
Total	\$450,000	x	95.2% (95%) =	\$428,500

Explanation of the example on the previous page:

- In order to determine the overall benefit to LMI persons for this hypothetical project, first the percentage of LMI benefit for each project activity is used as a multiplier times the line item budget for the activity.
- In the example provided above, the applicant is claiming 100% benefit for housing rehabilitation activities because it can assure that only LMI households will benefit from this service.
 - Therefore, 100% of the funds budgeted for these rehabilitation activities is shown in the right column ($\$400,000 \times 100\% = \$400,000$).
- In contrast, as demonstrated in the previous example (in Section C above), only 57% of the neighborhood sidewalk improvements are considered as benefiting LMI persons because 20 of 35 families in the project area are LMI.
 - Therefore, the amount of CDBG benefiting LMI is equal to 57% ($\$28,500$) of the $\$50,000$ sidewalk improvement activities budget. ($\$50,000 \times .57 = \$28,500$.)

To determine the OVERALL percentage of LMI benefit for the project example, the following calculation is made:

$$\frac{\$428,500 \text{ (total dollars benefiting low and moderate income)}}{\$450,000 \text{ (total grant request, excluding administration)}} = 95.2\% \text{ Overall LMI Benefit (rounded down to 95\%, per HUD guidance)}$$

Thus, in this example, a 95% LMI Benefit for the project would be claimed in the CDBG application on the “Benefit to LMI” form (Exhibit K).

Exhibit K of this LMI handbook contains the MDOC “Benefit to LMI Form” to be used by applicants for calculating overall LMI benefit. A current version of Exhibit K can also be found in the *CDBG Housing and Public Facilities Application Guidelines* as well; available on the CDBG website at http://comdev.mt.gov/CDD_CDBG_RA.asp. The “Benefit to LMI Form” form in the Application Guidelines (also labeled “Exhibit K”) uses the same procedures as those described above to establish the estimated percentage of LMI benefit for proposed CDBG projects.

Exhibit H (“Targeting CDBG LMI Benefits for Public Facility Projects”) of this booklet discusses techniques for increasing the overall benefit to low and moderate income persons in an area wide public facility project by also providing direct benefits to LMI families. Exhibit H also includes a completed example of Exhibit K that illustrates how the LMI Benefit form should be completed.

A SPECIAL CASE – CALCULATING LMI BENEFIT FOR A MIXED USE BUILDING: A building that will involve some uses that will principally benefit LM as well as some uses that will not principally benefit LMI

If an applicant proposes to build a mixed-use building that will involve **some uses that will principally benefit LMI** as well as **some uses that will not principally benefit LMI** and **will use CDBG funds to construct a portion of the building for an LMI service** (such as a Head Start Center), then **to determine the overall LMI benefit for the project** the applicant must **calculate and prorate the amount of square footage which will provide benefits to LMI persons in the new building.**

EXAMPLE: A mixed-use community center building. In this example, a proposed community center would house (1) a Head Start center, (2) a public library, and (3) a senior center. In order to determine the amount of benefit to LMI persons when parts of the building would be used by non-LMI persons, it would be necessary to calculate the LMI benefit associated with the various portions of the building to determine the overall LMI benefit for the project. For this example, we will apply the square footage approach to calculating the overall LMI benefit for the proposed project – as you will see from the calculations below, this analysis shows, that there is a **70%** overall benefit to low and moderate income persons).

For this hypothetical project, assume that the amount of CDBG funds requested in this mixed-use community center building project is \$450,000 (the current CDBG ceiling) and that all of this \$450,000 is for construction activity (and none of the \$450,000 is used for administrative activities).

The Head Start area of the building according to the Preliminary Architectural Report (PAR) equals 14% of the total building square footage. The Head Start area's budget for LMI benefits would be calculated as $(0.14) \times \$450,000$ (the total amount of the requested CDBG non-administrative dollars) or \$63,000. All (100%) of this amount of \$63,000 counts as a benefit to LMI because Head Start is considered a limited clientele benefit (since Head Start must assist at least 90% eligible low income children). Therefore, the \$63,000 is the calculated LMI benefit budget for the Head Start area of the proposed new building.

The proposed Senior Citizens area equaled 1,635 square feet, which (according to the PAR) is 15% of the total building square footage. The Senior Center area's budget for LMI benefits would be calculated as $(0.15) \times \$450,000$ (the total amount of the CDBG non-administrative dollars) = \$67,500. Because an income survey of senior center users showed that center users were 66% LMI, 66% of this \$67,500 would be counted as benefit to LMI. Thus, \$44,550 ($\$67,500 \times .66$) is the Senior Citizens area amount that would count as a benefit to LMI persons.

The balance (\$342,450) of the proposed activity budget (\$450,000 minus \$63,000 minus \$44,550) would be considered to be a community-wide benefit because this space would be used for activities that benefit the entire community population. A local community-wide income survey, in this example, showed that 61% of the community's households are LMI. Therefore, the balance of the activity budget (\$342,450) multiplied by (0.61) gives us \$208,895 as an additional amount of CDBG dollars that would count as a benefit to LMI.

The sum of the three figures (\$63,000 + \$44,550 + \$208,895) is \$317,445 – this is the prorated amount of the overall total CDBG budget of \$450,000 which should be counted as a benefit to LMI persons. $\$317,445 \div \$450,000 = 70.54\%$ (rounded to **71%**) is the **overall benefit to LMI for this project**.

E. RETAIN RECORDS WHICH DOCUMENT BENEFIT TO LOW AND MODERATE INCOME HOUSEHOLDS



In your community's application for CDBG funding, you will be required to provide documentation, evidence, to support the claimed benefit to low and moderate income families that was stated in your CDBG application. All original survey documentation must be retained by the applicant and must be available for review and verification.



If you receive a CDBG grant, MDOC will conduct an on-site monitor of your project records and review your documentation regarding benefit to low and moderate income families. If the documentation is determined to be inadequate or fails to meet MDOC requirements, the community could be required to reimburse any CDBG funds spent on a project activity.



The general concept that is applied in documenting low or moderate income benefit is that the greater the total financial benefit that will be provided to a family or person, the greater the responsibility to carefully document the family's or person's income claim. In worst-case situations, the lack of adequate documentation to substantiate compliance with the LMI benefit requirement is considered sufficient grounds for the Department to withdraw a grant award or require reimbursement of CDBG funds.

1. Retaining Records for Direct LMI Benefit projects

For direct LMI benefit situations, CDBG recipients must document the eligibility of the persons or families that will receive CDBG benefits. For example:

- In housing rehabilitation projects, where a family may be receiving a \$20,000 grant or low interest loan, a frequently used approach is to require applicants for CDBG assistance to submit documentation to confirm gross annual household income, such as copies of the most recent Internal Revenue Service income tax forms.
- In a public facility project that will provide substantial direct benefits, such as paying for special improvement district property assessments, the CDBG assistance may amount to several thousand dollars. In both cases, the individual families need to be informed that providing false or incomplete information is a serious matter and may constitute fraud under federal law.
- **Exhibit J provides** the approved format for verifying household incomes in these situations.

2. Retaining Records for Indirect (Area-wide) Benefit

For area-wide (indirect) LMI benefit public facilities projects, where all the households in the CDBG project area will benefit equally and where LMI benefit is to be documented by a local income survey, it is sufficient to have the required number of households complete and return the (confidential) income survey forms such as that shown in **Exhibit E** which states that the person responding to the survey will provide evidence of income, if requested. The person completing the form can simply initial and date the form to verify the source of the information.

However, it is critical that the income survey format make it possible to verify the income of survey respondents at a later date, if required by HUD or the Department of Commerce.

- This means that the survey should be coded numerically to be able to match a completed survey with the responding household.
- The certification (on the survey form) can be less severe than that used in direct benefit situations.
- However, if individuals completing the survey refuse to sign or at least initial and date the survey form, it cannot be counted against the required number of survey responses.



IF YOU PLAN TO CONDUCT AN INCOME SURVEY

- Before you begin a survey, contact CDBG to discuss survey requirements – and begin a process that will lead to CDBG approval of your survey form and survey methodology (before you actually conduct the survey).
- A copy of the income survey form you used -- along with a composite summary of all responses and with a description of the methodology used to assure an adequate sample size and a random selection of households surveyed -- must be submitted as part of an application submitted to CDBG.
- EXHIBIT D (“GUIDELINES FOR CONDUCTING LOCAL INCOME SURVEYS FOR CDBG PROJECTS”) outlines the minimum requirements for documenting LMI benefit through local surveys.

CONCLUSION

While these requirements may seem to be an intrusion into individual privacy, they are the only way to assure that CDBG assistance is being provided to the persons that Congress intended.

- These income verification techniques are the only means of responding to the congressional directive that the CDBG Program "give maximum feasible priority to activities which will benefit low and moderate income families..." ; and
- They are the only way to demonstrate to HUD that local CDBG projects and your federal tax dollars are benefiting the low and moderate income persons that Congress intended the program to serve.
- Congress and HUD use these percentages in their continual evaluation of each State's performance in fulfilling the mandate that the CDBG program principally serve the needs of low and moderate income families.

On the following page is a checklist of the basic requirements for complying with the CDBG benefit to low and moderate income requirements.

REQUIREMENTS CHECKLIST FOR DOCUMENTING BENEFIT TO LMI PERSONS

- _____ A. Applicants must describe how the proposed project will principally benefit LMI persons and comply with the CDBG LMI requirements outlined below.
- _____ B. Applicants must provide a completed copy of the “Benefit to LMI Form.” (See Appendix K for the CDBG Benefit to LMI Form and instructions.)
- _____ C. Documentation for benefit to low and moderate income persons must be consistent with the most recent edition of MDOC guidelines, Documenting Benefit to Low and Moderate Income Persons.

Key requirements are as follows:

1. For indirect (area wide) benefit situations:

- a) Document that area is principally residential,
- b) Verify LMI benefit with HUD LMI data, or
- c) Verify LMI benefit with local LMI survey and adequately describe your methodology.
 - 1. Document that correct LMI income levels were used.
 - 2. Provide a copy of the survey with an acceptable format and a summary of results. **It is important that the survey format make it possible to request verification at a later date, if required by HUD.**
 - 3. Document that the minimum sample size requirement was met. (See **Exhibit D** of this booklet, particularly pages D-2 and following).
 - 4. Document that the sample was either random or included the total population.



Note: If an income survey is not properly documented or does not meet CDBG requirements, MDOC will use the HUD community LMI percentage based on Census data instead of the results claimed from a local income survey to score the application.

Before conducting a local income survey, CDBG applicants should submit a draft of the survey form they intend to use to MDOC CDBG staff for their review to assure that the results of the survey will be acceptable for ranking purposes.

- #### 2. For projects where direct financial assistance to LMI persons is proposed or for projects that would involve limited clientele benefit situations:
- Describe how LMI status of persons served will be documented.

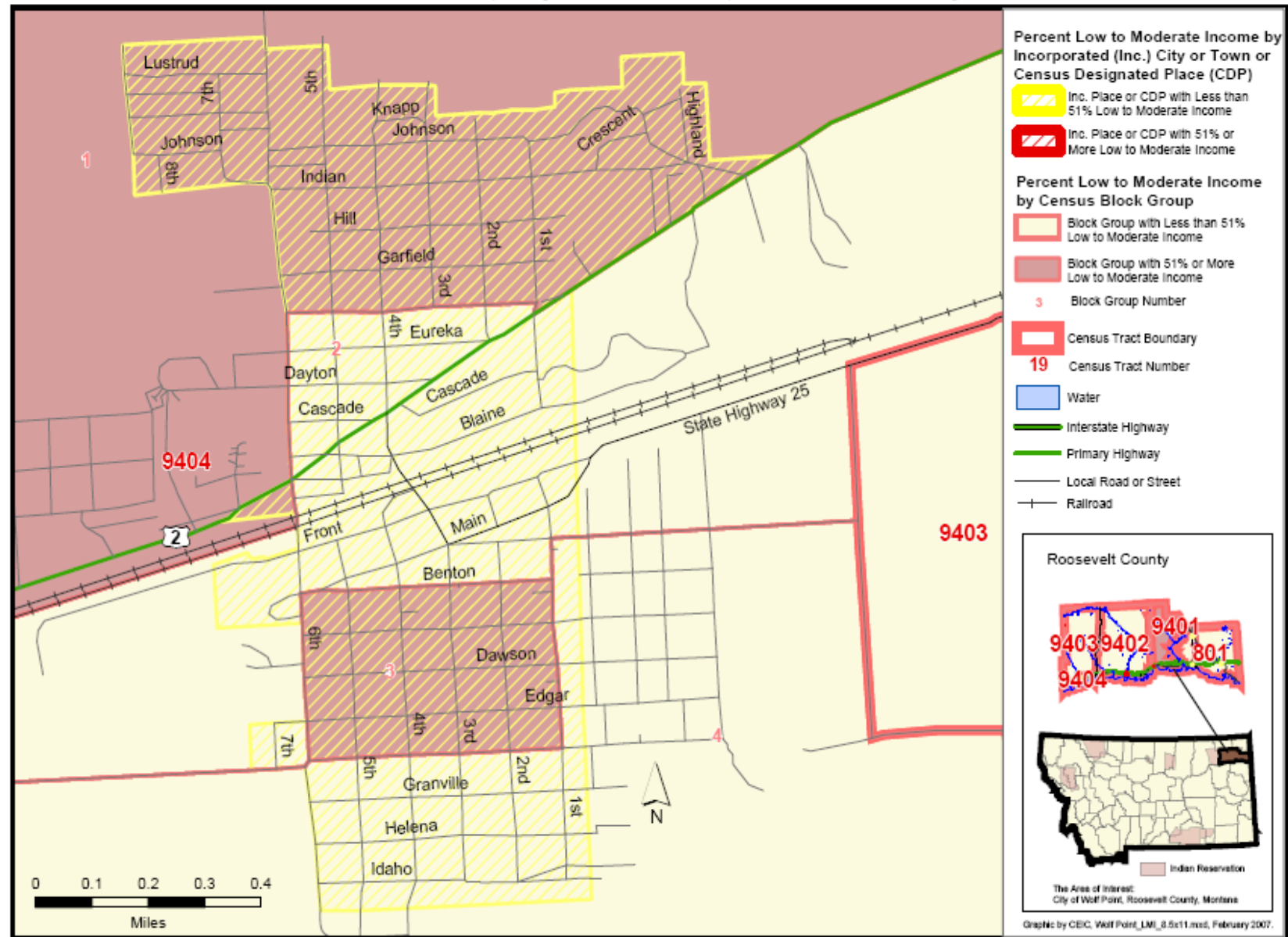
Either:

- (a) The clientele is presumed to be LMI under HUD regulations;

or

- (b) The applicant can confirm the LMI status of beneficiaries and limit benefits to only LMI persons.

H.U.D. Low to Moderate Income Areas, City of Wolf Point, Roosevelt County



THIS MAP IS NOT INTENDED TO BE A STAND-ALONE PRODUCT. It should be interpreted in conjunction with the U.S. Department of Housing and Urban Development (HUD) Census 2000 "All Block Group Low and Moderate Income (LMI) Estimates" table for Roosevelt County. For more information, contact the Montana Community Development Block Grant (CDBG) Program at 406-541-2791 or the Montana Census and Economic Information Center (CEIC) at 406-541-2740.

EXHIBIT A

FEDERAL STANDARDS FOR DEFINITION OF LOW AND MODERATE INCOME STATUS

(Income eligibility standards from the U. S. Housing Act of 1937)

Section 889.103 Determination of income for eligibility.

For purposes of determining whether a family is a low-income family [*this is called "moderate income" for CDBG purposes*] or a very low-income family [*this is called "low income" for CDBG purposes*], income shall be determined in accordance with Section 889.104, except that where a family has net family assets in excess of \$5,000, income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net family assets means value of equity in real property, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

Section 889.104 Computation of annual income.

(a) Except as provided in paragraph (b) of this section, all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:

- (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
- (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
- (3) Interest and dividends;
- (4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay (see paragraph (b) (3) of this section).
- (6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
 - (i) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - (ii) The maximum amount that the public assistance agency could in fact allow for the family for shelter and utilities.
- (7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling:

- (8) All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse (see paragraph (b) (5) of this section).

(b) The following items shall not be considered as income:

- (1) casual, sporadic or irregular gifts;
 - (2) amounts that are specifically for or in reimbursement of the cost of medical expenses;
 - (3) lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;
 - (4) amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans, not used for the above purposes of which are available for subsistence are to be included in income;
 - (5) the special pay to a serviceman head of a family away from home and exposed to hostile fire;
- (6) Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:
- (i) National Volunteer Antipoverty Programs that include VISTA, Service Learning Programs and Special Volunteer Programs.
 - (ii) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

EXHIBIT B

(SAMPLE) HUD INCOME LIMITS FOR DETERMINATION OF LOW OR MODERATE INCOME (LMI) STATUS

The Housing and Community Development Act of 1987 establishes the definition of “low and moderate income persons” which is used to determine the eligibility of families and local governments for CDBG assistance.



The following table (pages B-2 through B-11) is **only an example** of recent HUD income limits for use in determining LMI status (“MONTANA 2008 HUD INCOME LIMITS, effective 2/13/2008”).



The income levels in this sample table should NOT be used in local surveys.



Check CDBG’s website (Documenting Benefit to Low and Moderate Income Persons, http://comdev.mt.gov/CDD_CDBG_LMI.asp) for the most current HUD income limits for the Montana CDBG Program -- or call CDBG staff to get the current income limit figures.

Updated income limits data sets are published by HUD each year (usually during February or March). CDBG takes the HUD data sets and converts the data into CDBG charts with CDBG’s LMI terminology and then posts the CDBG Montana information on the CDBG website listed in the previous paragraph.

If you have any questions regarding the use of these income limits for community surveys or in determining the eligibility of individual families, please contact MDOC CDBG staff at 841-2791.

For most CDBG projects, applicants will only have to be concerned with the ceilings listed for “moderate” income.

- **The tables on the next pages list HUD-determined income limits for each Montana county, according to family size.**
 - They are based on income guidelines used for HUD Section 8 Assisted Housing Program, which uses different terms than the CDBG Program to describe the same income levels. The HUD data for each county is based on the county’s Median Family Income (MFI).
 - In the table that follows, CDBG has translated the Section 8 terms into the equivalent terms of “moderate” and “low” and “extremely low” that are used in the CDBG Program.
 - The income limits shown for **Billings MSA** (Metropolitan Statistical Area) must be used for **Carbon County** and **Yellowstone County**.
 - Those shown for **Great Falls MSA** (Metropolitan Statistical Area) must be used for **Cascade County**.
 - The limits shown for **Missoula MSA** (Metropolitan Statistical Area) would be used for **Missoula County**.

MONTANA 2009 HUD INCOME LIMITS (Effective 3/19/09)

HOUSEHOLD SIZE	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Billings MSA (includes Carbon County and Yellowstone County). MSA = Metropolitan Statistical Area								
FY 2009 MFI: 60900								
EXTREMELY LOW INCOME	13000	14850	16700	18550	20050	21500	23000	24500
LOW INCOME	21650	24750	27850	30950	33450	35900	38400	40850
MODERATE INCOME	34650	39600	44550	49500	53450	57400	61400	65350
Great Falls, MT MSA								
FY 2009 MFI: 54500								
EXTREMELY LOW INCOME	11450	13100	14700	16350	17650	18950	20250	21600
LOW INCOME	19100	21800	24550	27250	29450	31600	33800	35950
MODERATE INCOME	30500	34900	39250	43600	47100	50600	54050	57550
Missoula, MT MSA								
FY 2009 MFI: 59400								
EXTREMELY LOW INCOME	12450	14250	16000	17800	19200	20650	22050	23500
LOW INCOME	20800	23750	26750	29700	32100	34450	36850	39200
MODERATE INCOME	33250	38000	42750	47500	51300	55100	58900	62700
Beaverhead County, MT								
FY 2009 MFI: 53400								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Big Horn County, MT								
FY 2009 MFI: 42600								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Blaine County, MT								
FY 2009 MFI: 42000								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Broadwater County, MT								
FY 2009 MFI: 50000								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500

MONTANA 2009 HUD INCOME LIMITS (Effective 3/19/09)

HOUSEHOLD SIZE	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Carter County, MT								
FY 2009 MFI: 44100								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Chouteau County, MT								
FY 2009 MFI: 44400								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Custer County, MT								
FY 2009 MFI: 53100								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Daniels County, MT								
FY 2009 MFI: 48900								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Dawson County, MT								
FY 2009 MFI: 52700								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Deer Lodge County, MT								
FY 2009 MFI: 49500								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Fallon County, MT								
FY 2009 MFI: 52900								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500

MONTANA 2009 HUD INCOME LIMITS (Effective 3/19/09)

HOUSEHOLD SIZE	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Fergus County, MT								
FY 2009 MFI: 50100								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Flathead County, MT								
FY 2009 MFI: 55700								
EXTREMELY LOW INCOME	11700	13350	15050	16700	18050	19350	20700	22050
LOW INCOME	19500	22300	25050	27850	30100	32300	34550	36750
MODERATE INCOME	31200	35650	40100	44550	48100	51700	55250	58800
Gallatin County, MT								
FY 2009 MFI: 64300								
EXTREMELY LOW INCOME	13500	15450	17350	19300	20850	22400	23950	25500
LOW INCOME	22500	25700	28950	32150	34700	37300	39850	42450
MODERATE INCOME	36000	41150	46300	51450	55550	59700	63800	67900
Garfield County, MT								
FY 2009 MFI: 42600								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Glacier County, MT								
FY 2009 MFI: 42700								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Golden Valley County, MT								
FY 2009 MFI: 47900								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Granite County, MT								
FY 2009 MFI: 46000								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500

MONTANA 2009 HUD INCOME LIMITS (Effective 3/19/09)

HOUSEHOLD SIZE	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Hill County, MT								
FY 2009 MFI: 52300								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Jefferson County, MT								
FY 2009 MFI: 67000								
EXTREMELY LOW INCOME	14050	16100	18100	20100	21700	23300	24900	26550
LOW INCOME	23450	26800	30150	33500	36200	38850	41550	44200
MODERATE INCOME	37500	42900	48250	53600	57900	62200	66450	70750
Judith Basin County, MT								
FY 2009 MFI: 47000								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Lake County, MT								
FY 2009 MFI: 46800								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Lewis and Clark County, MT								
FY 2009 MFI: 65500								
EXTREMELY LOW INCOME	13750	15700	17700	19650	21200	22800	24350	25950
LOW INCOME	22950	26200	29500	32750	35350	38000	40600	43250
MODERATE INCOME	36700	41900	47150	52400	56600	60800	65000	69150
Liberty County, MT								
FY 2009 MFI: 51000								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Lincoln County, MT								
FY 2009 MFI: 43500								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500

MONTANA 2009 HUD INCOME LIMITS (Effective 3/19/09)

HOUSEHOLD SIZE	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Madison County, MT								
FY 2009 MFI: 48700								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
McCone County, MT								
FY 2009 MFI: 49200								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Meagher County, MT								
FY 2009 MFI: 46500								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Mineral County, MT								
FY 2009 MFI: 43900								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Musselshell County, MT								
FY 2009 MFI: 44200								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Park County, MT								
FY 2009 MFI: 55600								
EXTREMELY LOW INCOME	11700	13350	15050	16700	18050	19350	20700	22050
LOW INCOME	19450	22250	25000	27800	30000	32250	34450	36700
MODERATE INCOME	31150	35600	40050	44500	48050	51600	55200	58750
Petroleum County, MT								
FY 2009 MFI: 44600								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500

MONTANA 2009 HUD INCOME LIMITS (Effective 3/19/09)

HOUSEHOLD SIZE	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Phillips County, MT								
FY 2009 MFI: 51500								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Pondera County, MT								
FY 2009 MFI: 50000								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Powder River County, MT								
FY 2009 MFI: 47500								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Powell County, MT								
FY 2009 MFI: 49100								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Prairie County, MT								
FY 2009 MFI: 44200								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Ravalli County, MT								
FY 2009 MFI: 52700								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Richland County, MT								
FY 2009 MFI: 53900								
EXTREMELY LOW INCOME	11300	12900	14550	16150	17450	18750	20050	21300
LOW INCOME	18850	21550	24250	26950	29100	31250	33400	35550
MODERATE INCOME	30150	34500	38800	43100	46550	50000	53450	56900

MONTANA 2009 HUD INCOME LIMITS (Effective 3/19/09)

HOUSEHOLD SIZE	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Roosevelt County, MT								
FY 2009 MFI: 38200								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Rosebud County, MT								
FY 2009 MFI: 57100								
EXTREMELY LOW INCOME	12000	13700	15450	17150	18500	19900	21250	22650
LOW INCOME	20000	22850	25700	28550	30850	33100	35400	37700
MODERATE INCOME	32000	36550	41150	45700	49350	53000	56650	60300
Sanders County, MT								
FY 2009 MFI: 42900								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Sheridan County, MT								
FY 2009 MFI: 48400								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Silver Bow County, MT								
FY 2009 MFI: 54000								
EXTREMELY LOW INCOME	11350	12950	14600	16200	17500	18800	20100	21400
LOW INCOME	18900	21600	24300	27000	29150	31300	33500	35650
MODERATE INCOME	30250	34550	38900	43200	46650	50100	53550	57000
Stillwater County, MT								
FY 2009 MFI: 62000								
EXTREMELY LOW INCOME	13000	14900	16750	18600	20100	21600	23050	24550
LOW INCOME	21700	24800	27900	31000	33500	35950	38450	40900
MODERATE INCOME	34700	39700	44650	49600	53550	57550	61500	65450
Sweet Grass County, MT								
FY 2009 MFI: 53000								
EXTREMELY LOW INCOME	11800	13500	15150	16850	18200	19550	20900	22250
LOW INCOME	19650	22500	25300	28100	30350	32600	34850	37100
MODERATE INCOME	31450	35950	40450	44950	48550	52150	55750	59350

MONTANA 2009 HUD INCOME LIMITS (Effective 3/19/09)

HOUSEHOLD SIZE	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Teton County, MT								
FY 2009 MFI: 50200								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Toole County, MT								
FY 2009 MFI: 54200								
EXTREMELY LOW INCOME	11400	13000	14650	16250	17550	18850	20150	21450
LOW INCOME	18950	21700	24400	27100	29250	31450	33600	35750
MODERATE INCOME	30350	34700	39000	43350	46800	50300	53750	57200
Treasure County, MT								
FY 2009 MFI: 46900								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Valley County, MT								
FY 2009 MFI: 53500								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Wheatland County, MT								
FY 2009 MFI: 44500								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500
Wibaux County, MT								
FY 2009 MFI: 46900								
EXTREMELY LOW INCOME	11250	12850	14450	16050	17350	18600	19900	21200
LOW INCOME	18750	21400	24100	26750	28900	31050	33150	35300
MODERATE INCOME	29950	34250	38500	42800	46200	49650	53050	56500

EXHIBIT C

Percentages of Low and Moderate Income (LMI) Persons in Montana Counties, Municipalities, and Census Designated Places (CDPs)

Calculated by the Montana Department of Commerce Census and Economic Information Center
(from 2000 Census data according to a HUD formula -- February 2004)

Also see **Appendix T** of the **CDBG Public Facilities Application Guidelines**,
"Montana Population Report by U.S. Census Bureau by Incorporated City and Remainder of County" --
on the CDBG website at http://comdev.mt.gov/CDD_CDBG_PF.asp

County Name	Total Population 100% Data	Total Households 100% Data	Poverty Rate of Individuals Sample Data	Median Household Income Sample Data	Low and Moderate Income Percent
Beaverhead	9,202	3,684	17.1	\$28,962	43.0
Big Horn	12,671	3,924	29.2	\$27,684	54.5
Blaine	7,009	2,501	28.1	\$25,247	53.7
Broadwater	4,385	1,752	10.8	\$32,689	37.9
Carbon	9,552	4,065	11.6	\$32,139	37.0
Carter	1,360	543	18.1	\$26,313	47.3
Cascade	80,357	32,547	13.5	\$32,971	38.7
Chouteau	5,970	2,226	20.5	\$29,150	46.8
Custer	11,696	4,768	15.1	\$30,000	42.9
Daniels	2,017	892	16.9	\$27,306	42.5
Dawson	9,059	3,625	14.9	\$31,393	39.4
Deer Lodge	9,417	3,995	15.8	\$26,305	44.3
Fallon	2,837	1,140	12.5	\$29,944	43.0
Fergus	11,893	4,860	15.4	\$30,409	39.8
Flathead	74,471	29,588	13.0	\$34,466	38.7
Gallatin	67,831	26,323	12.8	\$38,120	38.7
Garfield	1,279	532	21.5	\$25,917	49.9
Glacier	13,247	4,304	27.3	\$27,921	53.7
Golden Valley	1,042	365	25.8	\$27,308	48.5
Granite	2,830	1,200	16.8	\$27,813	43.4
Hill	16,673	6,457	18.4	\$30,781	42.1
Jefferson	10,049	3,747	9.0	\$41,506	37.8
Judith Basin	2,329	951	21.1	\$29,241	44.0
Lake	26,507	10,192	18.7	\$28,740	47.7
Lewis and Clark	55,716	22,850	10.9	\$37,360	39.5
Liberty	2,158	833	20.3	\$30,284	43.4
Lincoln	18,837	7,764	19.2	\$26,754	47.7

County Name	Total Population 100% Data	Total Households 100% Data	Poverty Rate of Individuals Sample Data	Median Household Income Sample Data	Low and Moderate Income Percent
McCone	1,977	810	16.8	\$29,718	41.0
Madison	6,851	2,956	12.1	\$30,233	41.6
Mineral	3,884	1,584	15.8	\$27,143	47.0
Musselshell	4,497	1,878	19.9	\$25,527	49.9
Park	15,694	6,828	11.4	\$31,739	39.3
Petroleum	493	211	23.2	\$24,107	49.3
Phillips	4,601	1,848	18.3	\$28,702	43.8
Pondera	6,424	2,410	18.8	\$30,464	45.7
Powder River	1,858	737	12.9	\$28,398	44.1
Powell	7,180	2,422	12.6	\$30,625	41.9
Prairie	1,199	537	17.2	\$25,451	48.7
Ravalli	36,070	14,289	13.8	\$31,992	39.1
Richland	9,667	3,878	12.2	\$32,110	39.2
Roosevelt	10,620	3,581	32.4	\$24,834	57.5
Rosebud	9,383	3,307	22.4	\$35,898	44.4
Sanders	10,227	4,273	17.2	\$26,852	48.9
Sheridan	4,105	1,741	14.7	\$29,518	43.3
Silver Bow	34,606	14,432	14.9	\$30,402	40.8
Stillwater	8,195	3,234	9.8	\$39,205	37.9
Sweet Grass	3,609	1,476	11.4	\$32,422	38.5
Teton	6,445	2,538	16.6	\$30,197	42.5
Toole	5,267	1,962	12.9	\$30,169	40.3
Treasure	861	357	14.7	\$29,830	41.5
Valley	7,675	3,150	13.5	\$30,979	39.1
Wheatland	2,259	853	20.4	\$24,492	50.0
Wibaux	1,068	421	15.3	\$28,224	43.8
Yellowstone	129,352	52,084	11.1	\$36,727	37.8

Also see **Appendix T** of the **CDBG Public Facilities Application Guidelines**,
“Montana Population Report by U.S. Census Bureau by Incorporated City and Remainder of County” –
on the CDBG website http://comdev.mt.gov/CDD_CDBG_PF.asp

Place Name	Total Population 100% Data	Total Households 100% Data	Poverty Rate of Individuals Sample Data	Median Household Income Sample Data	Low and Moderate Income Percent
Absarokee CDP	1,234	499	7.1	\$43,676	28.2
Agency CDP	324	79	23.9	\$22,308	52.2
Alberton town	374	152	19.6	\$26,000	56.0
Alder CDP	116	48	1.8	\$26,458	46.0
Amsterdam- Churchill CDP	727	255	11.7	\$40,139	37.2
Anaconda-Deer Lodge	9,417	3,995	15.8	\$26,305	44.3
Antelope CDP	43	21	22.4	\$16,500	71.4
Arlee CDP	602	235	34.1	\$21,188	65.9
Ashland CDP	464	151	34.7	\$22,222	68.6
Augusta CDP	284	142	14.7	\$24,688	69.1
Avon CDP	124	48	41.2	\$25,208	60.5
Azure CDP	253	55	32.4	\$19,821	70.7
Bienville town	153	72	14.8	\$26,250	48.8
Baker city	1,695	694	10.7	\$30,893	40.3
Ballantine CDP	346	130	7.4	\$30,417	49.2
Basin CDP	255	113	32.6	\$22,500	65.6
Bearcreek town	83	38	12.6	\$32,917	31.0
Beaver Creek CDP	291	109	0.0	\$43,571	13.4
Belfry CDP	219	98	20.3	\$25,313	47.2
Belgrade city	5,728	2,132	11.4	\$37,392	43.6
Belt city	633	273	12.9	\$25,469	57.3
Big Arm CDP	131	56	8.0	\$29,000	46.4
Bigfork CDP	1,421	652	9.1	\$36,116	33.7
Big Sandy town	703	296	14.1	\$28,523	44.2
Big Sky CDP	1,221	573	6.2	\$39,688	29.3
Big Timber city	1,650	711	10.8	\$30,595	39.4
Billings city	89,847	37,525	12.0	\$35,147	N/A
Birney CDP	108	29	50.0	\$15,417	63.4
Black Eagle CDP	914	418	11.1	\$23,529	51.0
Boneau CDP	190	42	44.0	\$21,750	71.0
Bonner-West Riverside CDP	1,693	690	10.9	\$32,557	47.2
Boulder town	1,300	508	15.6	\$29,276	55.0
Box Elder CDP	794	183	51.2	\$19,728	75.4
Bozeman city	27,509	10,877	20.2	\$32,156	46.4
Bridger town	745	313	16.2	\$26,103	46.7
Broadus town	451	199	14.5	\$25,156	51.1
Broadview town	150	64	9.8	\$29,500	55.4

Place Name	Total Population 100% Data	Total Households 100% Data	Poverty Rate of Individuals Sample Data	Median Household Income Sample Data	Low and Moderate Income Percent
Brockton town	245	67	50.8	\$19,167	68.9
Camp Three CDP	138	77	20.3	\$17,212	58.0
Cardwell CDP	40	19	9.7	\$21,250	100.0
Carter CDP	62	31	13.4	\$24,583	47.8
Cascade town	819	323	12.1	\$30,602	45.2
Charlo CDP	439	166	21.2	\$24,167	54.6
Chinook city	1,386	657	17.3	\$25,461	46.6
Choteau city	1,781	807	17.6	\$25,708	46.2
Circle town	644	291	18.3	\$27,500	41.1
Clancy CDP	1,406	540	3.3	\$52,938	23.2
Clinton CDP	549	204	19.2	\$31,731	60.9
Clyde Park town	310	137	10.0	\$28,194	46.4
Colstrip city	2,346	825	7.0	\$55,650	20.8
Columbia Falls city	3,645	1,400	17.1	\$31,128	42.5
Columbus town	1,748	709	13.6	\$33,750	41.2
Conrad city	2,753	1,154	13.4	\$29,432	41.7
Cooke City-Silver Gate CDP	140	79	15.8	\$25,000	53.4
Coram CDP	337	134	19.0	\$22,000	59.9
Corvallis CDP	443	185	40.8	\$17,434	59.2
Crow Agency CDP	1,552	336	40.9	\$22,438	62.4
Culbertson town	716	295	11.3	\$30,000	41.2
Custer CDP	145	68	1.4	\$26,944	41.4
Cut Bank city	3,105	1,264	12.4	\$33,885	33.9
Darby town	710	279	24.0	\$25,221	60.1
Dayton CDP	95	48	0.0	\$33,125	28.3
De Borgia CDP	69	34	19.7	\$22,917	63.6
Deer Lodge city	3,421	1,442	10.9	\$29,859	43.0
Denton town	301	133	8.5	\$28,393	39.7
Dillon city	3,752	1,669	18.2	\$26,389	43.8
Dixon CDP	216	89	35.9	\$15,455	68.4
Dodson town	122	49	28.9	\$19,464	50.4
Drummond town	318	140	13.6	\$26,500	42.6
Dutton town	389	158	8.0	\$34,063	38.3
East Glacier Park Village CDP	396	148	14.1	\$37,417	34.1
East Helena town	1,642	694	8.6	\$31,071	51.8
East Missoula CDP	2,070	795	13.6	\$27,094	51.8
Ekalaka town	410	195	12.2	\$19,432	57.8
Elliston CDP	225	89	10.4	\$31,964	28.9

Place Name	Total Population 100% Data	Total Households 100% Data	Poverty Rate of Individuals Sample Data	Median Household Income Sample Data	Low and Moderate Income Percent
Elmo CDP	143	52	96.1	\$8,036	100.0
Ennis town	840	367	11.9	\$30,735	41.8
Eureka town	1,017	431	22.9	\$27,120	50.2
Evaro CDP	329	110	6.8	\$36,250	48.8
Evergreen CDP	6,215	2,414	14.2	\$29,451	48.4
Fairfield town	659	285	11.3	\$29,018	41.1
Fairview town	709	310	15.7	\$26,023	54.1
Fallon CDP	138	63	35.8	\$16,818	73.9
Finley Point CDP	493	213	8.4	\$30,987	36.0
Flaxville town	87	44	9.1	\$34,688	26.9
Florence CDP	901	323	17.3	\$39,286	24.6
Forsyth city	1,944	826	10.5	\$33,533	37.5
Fort Belknap Agency CDP	1,262	345	38.3	\$22,000	60.4
Fort Benton city	1,594	636	13.4	\$29,406	41.0
Fortine CDP	169	74	11.8	\$26,500	45.6
Fort Peck town	240	91	0.8	\$47,083	15.5
Fort Shaw CDP	274	101	9.3	\$36,250	33.6
Fort Smith CDP	122	51	50.0	\$24,250	65.1
Four Corners CDP	1,828	761	10.3	\$36,964	38.8
Fox Lake CDP	157	58	16.2	\$31,000	40.1
Frazer CDP	452	115	47.1	\$19,500	76.4
Frenchtown CDP	883	291	0.0	\$46,094	27.1
Froid town	195	97	7.6	\$24,583	43.7
Fromberg town	486	198	10.0	\$29,219	50.2
Gardiner CDP	851	435	8.2	\$30,125	35.0
Garrison CDP	112	50	36.4	\$33,250	39.3
Geraldine town	284	115	6.5	\$30,893	38.8
Gildford CDP	185	76	4.9	\$33,125	28.8
Glasgow city	3,253	1,395	9.0	\$30,491	36.6
Glendive city	4,729	1,983	14.8	\$30,943	37.3
Grass Range town	149	67	44.4	\$19,375	54.2
Great Falls city	56,690	23,834	14.5	\$32,436	N/A
Greycliff CDP	56	21	18.8	\$38,750	42.3
Hamilton city	3,705	1,772	17.8	\$22,013	52.8
Hardin city	3,384	1,295	23.9	\$28,018	49.3
Harlem city	848	332	23.0	\$27,794	48.8
Harlowton city	1,062	496	10.3	\$23,636	48.7
Harrison CDP	162	64	13.8	\$36,875	38.6
Havre city	9,621	4,015	17.5	\$29,944	40.7

Place Name	Total Population 100% Data	Total Households 100% Data	Poverty Rate of Individuals Sample Data	Median Household Income Sample Data	Low and Moderate Income Percent
Havre North CDP	973	422	23.3	\$20,888	63.2
Hays CDP	702	188	50.4	\$17,000	74.4
Heart Butte CDP	698	164	44.7	\$20,885	72.8
Helena city	25,780	11,541	14.5	\$34,416	40.1
Helena Valley Northeast CDP	2,122	776	3.8	\$50,804	24.4
Helena Valley Northwest CDP	2,082	741	8.2	\$45,385	32.4
Helena Valley Southeast CDP	7,141	2,495	7.4	\$38,147	43.2
Helena Valley West Central CDP	6,983	2,555	6.4	\$43,881	36.4
Helena West Side CDP	1,711	725	10.0	\$35,655	43.6
Heron CDP	149	58	18.2	\$28,750	45.5
Herron CDP	100	43	0.0	\$37,727	48.5
Highwood CDP	189	66	8.8	\$44,375	32.2
Hingham town	157	65	10.8	\$38,333	32.4
Hobson city	244	108	20.7	\$30,179	45.5
Hot Springs town	531	280	38.2	\$12,663	77.9
Hungry Horse CDP	934	346	29.7	\$26,550	59.0
Huntley CDP	411	160	11.5	\$36,125	46.1
Hysham town	330	150	13.4	\$30,179	33.0
Inverness CDP	103	40	23.5	\$28,750	49.0
Ismay town	26	7	0.0	\$32,083	39.1
Jefferson City CDP	295	110	1.4	\$53,125	27.2
Jette CDP	267	103	0.0	\$43,889	31.5
Joliet town	575	258	14.2	\$24,167	43.2
Joplin CDP	210	91	4.4	\$38,281	27.7
Jordan town	364	169	19.2	\$26,250	44.8
Judith Gap city	164	69	37.3	\$16,979	80.3
Kalispell city	14,223	6,142	15.9	\$28,567	44.3
Kerr CDP	17	6	(X)	\$0	0.0
Kevin town	178	72	19.9	\$20,417	54.3
Kicking Horse CDP	80	27	41.8	\$28,906	45.6
Kings Point CDP	169	82	13.2	\$19,750	48.1
Klein CDP	188	69	11.6	\$39,792	34.2
Knife River CDP	297	125	15.8	\$29,792	45.3

Place Name	Total Population 100% Data	Total Households 100% Data	Poverty Rate of Individuals Sample Data	Median Household Income Sample Data	Low and Moderate Income Percent
Kremlin CDP	126	47	22.8	\$36,250	32.4
Lakeside CDP	1,679	705	17.3	\$36,048	39.0
Lame Deer CDP	2,018	526	50.4	\$19,828	72.1
Laurel city	6,255	2,529	10.8	\$32,679	48.0
Lavina town	209	85	20.4	\$24,643	56.0
Lewistown city	5,813	2,594	13.6	\$28,949	40.1
Lewistown Heights CDP	365	138	15.6	\$31,154	42.7
Libby city	2,626	1,132	16.3	\$24,276	55.9
Lima town	242	109	26.8	\$20,313	60.7
Lincoln CDP	1,100	480	21.2	\$26,688	56.3
Livingston city	6,851	3,084	12.1	\$28,980	41.1
Lockwood CDP	4,306	1,599	9.4	\$34,768	45.2
Lodge Grass town	510	147	40.3	\$22,120	58.7
Lodge Pole CDP	214	59	40.9	\$21,607	67.1
Lolo CDP	3,388	1,218	4.7	\$43,846	30.5
Loma CDP	92	40	17.1	\$25,208	50.0
Lonepine CDP	137	54	6.3	\$26,250	46.8
Malmstrom AFB CDP	4,544	1,310	6.2	\$31,775	46.4
Malta city	2,120	907	13.1	\$31,212	35.7
Manhattan town	1,396	553	7.1	\$38,242	41.2
Martin City CDP	331	142	24.4	\$21,250	52.9
Medicine Lake town	269	120	7.2	\$28,750	39.2
Melstone town	136	56	5.8	\$31,250	39.6
Miles City city	8,487	3,528	14.7	\$29,847	41.8
Missoula city	57,053	24,141	19.7	\$30,366	N/A
Montana City CDP	2,094	697	4.0	\$66,027	16.4
Moore town	186	83	10.6	\$25,536	44.9
Muddy CDP	627	149	59.9	\$24,688	88.6
Musselshell CDP	60	28	23.5	\$23,750	66.2
Nashua town	325	166	4.3	\$26,827	42.6
Neihart town	91	44	21.7	\$21,458	60.2
Niarada CDP	50	18	0.0	\$29,583	52.4
North Browning CDP	2,200	600	35.7	\$24,399	63.0
Noxon CDP	230	104	14.7	\$30,583	36.6
Old Agency CDP	95	31	53.2	\$18,750	73.0
Opheim town	111	56	7.2	\$24,583	41.0

Place Name	Total Population 100% Data	Total Households 100% Data	Poverty Rate of Individuals Sample Data	Median Household Income Sample Data	Low and Moderate Income Percent
Orchard Homes CDP	5,199	2,034	6.7	\$40,240	38.1
Outlook town	82	35	0.0	\$35,000	39.1
Ovando CDP	71	33	21.1	\$26,250	44.7
Pablo CDP	1,814	622	28.1	\$26,771	60.7
Paradise CDP	184	83	15.7	\$18,750	69.9
Park City CDP	870	330	8.7	\$37,266	41.7
Parker School CDP	352	78	25.0	\$29,167	49.8
Philipsburg town	914	408	19.8	\$24,559	49.2
Pinesdale town	742	139	35.2	\$26,528	76.2
Plains town	1,126	472	20.3	\$26,331	48.9
Plentywood city	2,061	857	16.3	\$30,037	43.5
Plevna town	138	63	8.3	\$27,917	43.8
Polson city	4,041	1,739	19.8	\$21,870	56.1
Poplar city	911	325	31.5	\$24,896	56.5
Power CDP	171	68	18.6	\$38,036	33.9
Pryor CDP	628	166	27.2	\$25,096	67.5
Radersburg CDP	70	39	15.7	\$26,786	42.9
Ravalli CDP	119	48	24.0	\$26,750	48.0
Red Lodge city	2,177	1,020	9.7	\$31,750	36.3
Reed Point CDP	185	79	12.0	\$26,500	66.5
Reserve CDP	37	18	33.3	\$33,750	42.4
Rexford town	151	70	24.6	\$22,604	65.7
Richey town	189	92	10.0	\$23,750	45.6
Riverbend CDP	442	179	9.5	\$27,813	45.3
Rocky Point CDP	107	45	20.0	\$41,364	17.0
Rollins CDP	183	83	7.2	\$31,875	41.0
Ronan city	1,812	699	24.8	\$22,422	55.8
Roundup city	1,931	833	20.3	\$23,144	55.8
Rudyard CDP	275	126	9.9	\$28,393	43.0
Ryegate town	268	113	20.2	\$26,250	46.9
Saco town	224	109	14.0	\$23,125	57.2
Saddle Butte CDP	138	43	0.0	\$62,857	0.0
St. Ignatius town	788	307	19.5	\$25,682	51.4
St. Marie CDP	183	92	2.3	\$33,750	26.6
St. Pierre CDP	289	76	28.9	\$40,750	55.6
St. Regis CDP	315	135	21.0	\$23,750	60.2
St. Xavier CDP	67	20	40.7	\$19,722	52.0

Place Name	Total Population 100% Data	Total Households 100% Data	Poverty Rate of Individuals Sample Data	Median Household Income Sample Data	Low and Moderate Income Percent
Sangrey CDP	263	69	57.3	\$20,089	80.1
Scobey city	1,082	499	13.4	\$26,806	42.6
Seeley Lake CDP	1,436	589	10.6	\$35,101	40.9
Shelby city	3,216	1,196	8.6	\$29,219	39.2
Shepherd CDP	193	71	28.2	\$31,250	42.4
Sheridan town	659	302	25.1	\$21,118	60.4
Sidney city	4,774	2,006	12.7	\$32,109	38.5
Simms CDP	373	148	25.4	\$28,333	53.4
Somers CDP	556	233	7.6	\$30,625	45.2
South Browning CDP	1,677	475	49.2	\$12,130	76.3
Stanford town	454	210	13.8	\$22,679	48.5
Starr School CDP	248	61	20.2	\$24,531	64.2
Stevensville town	1,553	652	12.8	\$27,951	48.2
Sunburst town	415	158	4.1	\$38,250	25.1
Sun Prairie CDP	1,772	626	13.9	\$42,353	35.4
Sun River CDP	131	58	10.2	\$25,357	55.1
Superior town	893	358	17.0	\$25,333	49.8
Terry town	611	294	8.4	\$25,294	46.3
Thompson Falls	1,321	549	16.1	\$28,103	54.2
Three Forks city	1,728	686	7.7	\$34,212	48.1
Toston CDP	105	44	42.2	\$21,250	70.6
Townsend city	1,867	786	13.2	\$26,820	47.9
Trout Creek CDP	261	109	21.1	\$26,458	50.2
Troy city	957	425	27.5	\$19,635	61.9
Turtle Lake CDP	194	55	54.8	\$36,250	60.3
Twin Bridges town	400	175	8.5	\$25,833	51.1
Ulm CDP	750	254	17.8	\$40,795	34.3
Valier town	498	220	8.4	\$30,000	45.4
Vaughn CDP	701	264	9.8	\$31,250	41.4
Victor CDP	859	351	7.7	\$38,618	32.6
Virginia City town	130	72	5.7	\$30,000	30.5
Walkerville town	714	297	12.1	\$28,009	53.8
Westby town	172	88	9.4	\$32,875	33.5
West Glendive CDP	1,833	725	14.3	\$33,487	38.1
West Havre CDP	284	100	2.0	\$56,375	6.9
West Yellowstone	1,177	518	12.9	\$30,703	49.8
Whitefish city	5,032	2,229	18.2	\$33,038	39.7
Whitehall town	1,044	450	12.0	\$29,940	47.6
White Sulphur Springs city	984	443	13.3	\$28,229	43.2


Place Name	Total Population 100% Data	Total Households 100% Data	Poverty Rate of Individuals Sample Data	Median Household Income Sample Data	Low and Moderate Income Percent
Wibaux town	567	239	10.2	\$26,518	42.1
Willow Creek CDP	209	81	14.0	\$32,386	56.5
Wilsall CDP	237	102	17.9	\$29,643	45.0
Winnett town	185	87	22.8	\$17,361	59.8
Winston CDP	73	27	0.0	\$14,500	34.3
Wisdom CDP	114	61	12.9	\$24,583	46.6
Wolf Point city	2,663	981	17.9	\$27,962	48.2
Woods Bay CDP	748	325	19.1	\$31,000	43.6
Worden CDP	506	223	8.5	\$22,625	56.6
Wye CDP	381	123	11.0	\$53,500	31.4
Wyola CDP	186	52	48.0	\$20,536	77.2


Also see ***Appendix T*** of the ***CDBG Public Facilities Application Guidelines***,
“Montana Population Report by U.S. Census Bureau by Incorporated City and Remainder of County” –
on the CDBG website at http://comdev.mt.gov/CDD_CDBG_PF.asp

EXHIBIT D


Guidelines for Conducting Local Income Surveys for CDBG Projects


- This exhibit describes the requirements that apply when local governments conduct their own income surveys.
- It also includes suggestions to help applicants carry out more effective surveys.

 MDOC strongly encourages local officials to send a *draft* of their proposed income survey form to MDOC CDBG staff *prior to conducting the survey* to make sure that the format and income figures to be used are correct and will meet CDBG requirements.

 Applicants must document that the survey methodology used to determine the community's LMI percentage was completed in accordance with the requirements below:

1. use of correct LMI income levels
2. use of an acceptable survey format (reviewed and approved by CDBG)
3. meeting minimum sample size (see Exhibit D, page D-2), and
4. survey sample was either truly random, OR the total population was surveyed.

 It is also important that the survey format allow for verification of a household's income at a later date, if required by HUD. This means that the survey forms should be **coded numerically** to be able to match a completed survey with the responding household.

 If the survey process used is not properly documented, MDOC will use the HUD community LMI percentage based on Census data instead of the results claimed from a local income survey that fails to meet MDOC requirements.

Federal regulations provide that applicants proposing to use CDBG funds for area-wide or indirect benefit activities must provide data to demonstrate that at least 51% of the persons who would benefit from CDBG assistance have low or moderate incomes.

In the CDBG program, the general concept that is applied in documenting a household's income is that the greater the total financial benefit that will be provided to the household, the greater the need to document the accuracy of the household's income claim.

Example: In housing rehabilitation projects, where a family may be receiving a \$20,000 grant or low interest loan, a frequently used approach is to ask applicants for CDBG assistance to submit documentation to confirm gross annual household income, such as copies of the most recent Internal Revenue Service income tax forms. While these requirements may seem to be an intrusion into individual privacy, they are the only way to assure that CDBG assistance is being provided to the persons that Congress intended.

Another example: In contrast, for area-wide public facilities projects, where all the households in the CDBG project will benefit equally, it is usually sufficient to have the household complete an income survey form which states that the person responding to the survey will provide verification of income, if requested. However, it is important that the survey format make it possible to request verification at a later date, if required by HUD or MDOC.

A Survey of Full-time Residents? Seasonal Residents?

■ ■ A question that sometimes arises regarding local income surveys is *“Should we include only permanent residents of the community or should seasonal residents be included, too?”* Some Montana communities have an influx of summer residents and workers and sometimes ask if these should be included, in addition to permanent residents. **MDOC advises local officials to focus on surveying permanent local residents to assure comparability with U.S. Census data.** For example, the second question on the 2000 U.S. Census form asks: “Do you live here or stay here MOST OF THE TIME?” (The capitalization is on the Census form.)

■ ■ If there is any question about whether a person should be considered a permanent resident, the Montana Department of Revenue advises that the address the person claims for income tax purposes, federal or state, should determine the location of their permanent residence.

A. MINIMUM SURVEY RETURN SIZE (MINIMUM SAMPLE SIZE): How to determine the minimum number of returned completed survey forms needed to have a valid and acceptable income survey

The burden of proof of a claim that HUD’s official LMI data inaccurately reflects current conditions is on any community conducting a local income survey. In order to document that local surveys have been conducted with a sound methodology,



MDOC uses a formula that sets a “minimum sample size” (meaning: “minimum number of completed surveys returned) needed to have a valid and acceptable income survey). This minimum number of survey responses number is based on the population of the project area -- and the formula for determining this minimum number is given below.

A “sample” is the portion of the total population that is actually surveyed, the number for whom there are completed surveys. The total population may be a neighborhood, a county water and sewer district, or a town or county that is served by a public facility. The total population from which the sample is taken will be the population of the area that is served by the CDBG-funded project.

- For example: If a community has 1000 households, it could be very time-consuming and expensive to interview every single household, especially if done door-to-door. In these cases, it may be more efficient to survey a portion of the households and use that portion to represent a cross section of the entire community, as long as the required minimum number of completed surveys is returned. **To be reasonably certain that the sample (the number of surveys returned) is a statistically valid representation of the entire population, it must include a minimum number of households, which varies according to the size of the total population.**
- To continue the example above, if the community surveyed only 50 out of the 1,000 households, there would be a good chance that many of those 50 are not representative of the entire community. This might be especially true if all 50 were selected from a specific neighborhood, instead of randomly throughout the community.

There are many complex formulas for determining how large a return sample size (i.e., the number of returned survey forms) you must have in order to be reasonably confident that the sample accurately reflects your population.



The formula used by the Department of Commerce (as given below) is relatively simple and has been accepted by HUD since 1979 for local CDBG income surveys:

$$\text{Required minimum number of returned surveys} = \frac{.25}{.000625 + \frac{.25}{\text{population size}}} = \text{minimum survey return size}$$

It should be noted that the “minimum survey return size” (or “minimum sample size”) in this formula means the number of actual survey responses received and properly completed (not just the number of households contacted).

- The returned completed surveys must meet the minimum number required by the formula to have a valid and acceptable income survey.
 - Communities conducting income surveys for a CDBG application must have adequate responses from at least the minimum number of households established by the formula for their population. **This means that you must get a return of surveys that reaches the minimum sample size (as calculated according to the MDOC formula).**
 - For the purposes of most local surveys, the “population size” in this formula is the number of households in your community (not the number of individuals) -- since doing a local survey on the basis of households, rather than individual persons, will be easier to accomplish.
 - **Call CDBG to discuss this number so there will be no doubt about whether you have the correct number.**

- To get the exact number of survey responses you need for a valid survey acceptable to CDBG, use the formula on this page (except as noted in the box below).
- There is one exception to the rule requiring the use of this formula (as explained on the next page) – when the total number of households or population of individuals to be surveyed is 200 or less.

Example of how to use the formula on page D-3 to determine how large a return sample size (i.e., the number of returned survey forms) you must have:

Assume your community has **1000** households as in the previous example. Using the formula above, the minimum number of surveys that must be completed and returned for a valid income survey would be **286** (your minimum sample size), and would be calculated as follows:

$$\frac{.25}{.000625 + \frac{.25}{1000}} = \frac{.25}{.000625 + .000250} = \frac{.25}{.000875} = 286 \text{ (Required minimum number of returned surveys)}$$

Note Regarding Surveys of Households or Populations of 200 or Less: 67% Response Is Needed

■ ■ The formula for survey sample size shown above on page D-3 requires a larger percentage of responses as total population decreases.

■ ■ The formula was a serious obstacle for very small communities trying to apply for CDBG funding.

■ ■ For example, using this formula, a community of 40 households would have to have a 90% response to be valid. This level of response proved to be almost impossible to achieve for some very small communities.

■ ■ In late 1997, at the request of the MDOC, HUD approved a change in the sample size requirement for local income surveys. **Under this standard, if the total number of households or population of individuals to be surveyed is 200 or less, the minimum percentage of households or persons that must respond in order to provide an acceptable, valid response is 67%.**

What if an adequate number of households do not respond, do not complete, a survey?

- There will always be some households that do not choose to respond, and that being the case, the community should be prepared to make additional efforts, such as a follow-up mailing or more door-to-door interviews, until it has an adequate number of responses.
- Another way to deal with non-response is to over sample -- if you need 250 surveys returned for a statistically valid sample, try to interview or mail surveys to 400 households.

Most communities choose to survey all local households through mailed surveys.

- **In other cases -- such as a senior center or a hospital -- the population to be surveyed may be the clientele actually served by the facility rather than a geographic area.**
 - A hospital might send an income survey form (or give such forms) to all those persons served during a calendar or fiscal year to determine the income levels of its clientele.
 - A senior center could send survey forms -- or give such forms -- to all of those persons who are senior center members or who have registered to receive services from the center, such as Meals on Wheels -- or conduct in-person interviews with senior center participants and service recipients.

B. RANDOM SELECTION OF HOUSEHOLDS TO BE SURVEYED

For the sake of simplicity and to help assure that they receive the minimum required number of survey responses, most small communities choose to distribute income surveys to every household in the community. That is, they try to survey the entire population.

If you are not surveying the entire population:

- In addition to having a large enough sample (of returned survey forms) and minimum percentage of response, **the households to be surveyed must be chosen at random so that the results will not be biased.**
 - **In other words, everyone who is included in the total population to be served by your project should have an equal chance of being included in the sample.**
- Before you can take a random sample, you must first find a way to identify individual households in your project area. For mailed or telephone surveys, many communities have

used voter registration rolls, telephone books, or motor vehicle registration records to provide a comprehensive list to begin. None of these lists is perfect, but all are generally available and usable.

- To determine the interval you will sample, divide your sample size into your population size.
 - If, for instance, you have 400 households and plan to survey a sample of 200 of them, you should take every other name (or for a door-to-door survey, visit every other house).
 - You may want to roll a dice to decide at which name or house you will start, rather than simply starting with the first one.
 - Another method is to write down all the household addresses in your project area, mix them up in a hat, and draw the number of house addresses you will need to meet your sample size.
- **For door-to-door surveys**, each unit in a multi-family structure, such as an apartment, should be counted as a separate address -- since you are surveying households and each apartment would be a separate household.
 - Callback/follow-up visits should be made to sample residences where no one was available for the initial interview.
 - If the callback visit is also unsuccessful, the next address in sequence should be interviewed.
 - Often if no one is home in the day, they may be in during the evening, so if the original visit was in the daytime, the callback should be scheduled for evening.

C. PUBLICITY PRIOR TO CONDUCTING A SURVEY

People are more likely to respond to an income survey if they know there is a good reason for the survey -- particularly these days when people receive so many computer-generated telephone surveys and mailed questionnaires that are really requests for donations.

- If the community survey and the reason for the survey are well publicized, there will be a minimum of lost time in explanations and a more favorable response by the public.

Under no circumstances should an income survey be attempted without wide publicity first. This is absolutely critical.

- Citizens are understandably hesitant to provide personal income information unless the purpose and need for the information is clearly understood.
- A short cover letter with a mailed questionnaire will let people know why the information is important.
 - Sample cover letters are included in the MDOC publication, The Community Needs Assessment Process (Exhibit D), which is available from MDOC staff and also on the CDBG website at: http://comdev.mt.gov/CDD_CDBG_CN.asp
 - CDBG staff are available to review your draft cover letters and to provide you with some examples.

- You also need to assure citizens that their income information will be kept confidential and will only be used to apply for the grant.
- Complete honesty with the public and cooperation with and from the media can make a difference between success and failure. Publicity can include radio announcements or call-in talk programs, newspaper articles, flyers in the monthly water bill, and posters in local grocery stores or the post office.

D. DISTRIBUTION AND COLLECTION OF THE QUESTIONNAIRE/SURVEY FORM

The following are various ways to conduct the actual income survey:

1. Distribution of the questionnaire by mail, requesting mail return.
2. Distribution in public places or in the newspaper, requesting mail return.
3. Distribution door-to-door to be either returned by mail or picked up by someone; and
4. Direct door-to-door interviews by an individual surveyor.

In deciding how to conduct the survey and administer the questionnaire, you should consider several factors:

- time,
- cost,
- available resources (volunteers, staff); and
- desired rate of return.

You might send interviewers out to visit each household and ask the questions at that time. You might use service groups (Boy or Girl Scouts, Kiwanis, senior citizens, etc.) to drop off and pick up the questionnaires to allow respondents to answer them at their leisure. You could also conduct the survey by telephone or mail. Each survey technique has advantages and disadvantages.

Mailed Questionnaires

Experience has shown that survey forms sent through the mail generally have a low percentage of return. A weakness of mailed surveys is that survey forms are usually completed only by those who are most interested, or those who will take the time to read the questions and respond.

In addition, with mailed questionnaires if there is some uncertainty about the question's intent or the purpose of the survey (such as household income surveys), an individual may not respond. Some respondents may not understand written questions, even with careful instructions, and they may answer in a manner not consistent with the intent of the question.

Better results are obtained with volunteers who personally distribute and collect the questionnaire.

- One Montana community received a 55% return rate by utilizing local Boy Scouts.
- Another had a 56% return by using a high school social studies class to distribute questionnaires and pick them up a week later.
- If you plan to mail or drop off the questionnaire, you should add a cover letter (preferably from the community's chief elected official) explaining why the survey is being conducted and what the results will be used for and assuring confidentiality of the survey responses.
- It is also important to provide a stamped, addressed envelope for return of the questionnaire to help assure the respondent that the information will be confidential. Mail surveys provide better assurance of confidentiality, particularly if you are requesting household income information.

While guaranteeing confidentiality, make sure you have a way to follow-up to improve your response rate if you don't receive a sufficient number of responses to meet the required minimum sample size.

- **The method used most often is to number each return envelope before you mail the survey and keep a list of matching addresses and numbers.**
 - That way you can send out a second mailing to those who did not respond or directly contact them to explain the importance of the survey.
 - This will also provide a means for the MDOC or HUD to verify your survey by spot-checking a sample of the people who submitted forms. That's why it's important that the survey format make it possible to request verification at a later date.
- **Some communities have color-coded their survey forms to help them more readily determine if particular neighborhoods have concentrations of low and moderate income families.**

People get surveys by mail or e-mail so often nowadays that it's perfectly understandable if their inclination is to throw it away or delete it. Look at what one Montana did to remedy this:

- **The Town of Bridger, Montana, used a lottery to increase the response to their local survey. Local officials placed numbered coupons for those who completed the mailed survey in a drawing.**
 - The grand prizewinner received \$200 in "Bridger Bucks," script that was redeemable for merchandise at local businesses. Local merchants also donated gift certificates for other winners to support the survey effort.
 - The town received far more responses to their survey than the required minimum.
- **Many other Montana communities have used this technique successfully since Bridger "pioneered" this approach and it consistently increases the number of people who respond.**

Door-to-Door Personal Interviews

The most reliable and accurate method of conducting a survey is going door-to-door with trained interviewers. This is especially true for a community opinion survey. The survey team or individual asks each question on the survey form. When the survey process is approached this way, the two-way communication allows for clarification of questions, as well as assuring more complete coverage and response from the community.

- Every household selected for sampling can be surveyed, or at least returned to several times in an attempt to complete the survey.
- It is a more personal approach and is a way to convey the importance of getting household income information to each household.

A disadvantage of the personal interview is that it cannot provide the level of privacy assured by a mailed questionnaire. Some people may be hesitant to disclose income levels or similar personal information to someone they know.

One compromise approach that has been used by some communities is to take a printed questionnaire door to door. The respondent can complete the questionnaire individually, place the questionnaire in a sealed envelope, and either return it to the interviewer immediately or by mail. Sometimes the community will place drop boxes to return the survey envelope at central locations in the community like the post office or grocery store. This approach has the advantage of offering greater privacy while, at the same time, the interviewer is available to explain the reason for and importance of the survey or to clarify any of the questions on the survey. If the person has misplaced the survey, the interviewer can provide a replacement form and wait for the person to complete it. Where questionnaires will be picked up immediately, they should be very brief, such as those asking only household income information.

If individuals completing the survey will not be asked to sign the survey form, the form must be coded in some way so that it would be possible to determine which household is represented by an individual form.

- It is very important that the survey form identify the person completing it or be coded so that the household income claimed could be verified at a later date.
- For this reason, the Department strongly encourages the use of written survey forms rather than telephone surveys.
- If a telephone survey is conducted, applicants must retain detailed logs of the persons contacted and their responses.



Note: Once a community has conducted an LMI survey (since the date that the 2000 Census data was released) in compliance with MDOC requirements, it will not need to complete another survey until new LMI data is available (from the year 2010 U.S. Census).



LMI benefit documents that need to be included with your CDBG application: A copy of the survey form used, with a composite summary of all responses and a description of the methodology used to assure an adequate sample size and to assure a random selection of households surveyed, must be submitted as part of your application to CDBG.



Records to be kept concerning your income survey results: All original income survey documentation must be retained by the applicant and must be available for review and verification if the application is selected for funding. The lack of adequate documentation to substantiate compliance with the LMI benefit requirement is considered sufficient grounds for the Department to withdraw a grant award.

EXHIBIT E

(MODEL) HOUSEHOLD INCOME SURVEY FOR AREA-WIDE (INDIRECT) LMI BENEFITS CDBG PROJECTS



For most CDBG projects, applicants will only have to be concerned with the income ceilings for "moderate income" households. For most area-wide LMI benefit CDBG projects, an income survey questionnaire can be relatively brief. For most area-wide LMI benefits projects, a community must simply determine whether the household's income is either above or below the appropriate "moderate" household income limit.

- For area-wide (or indirect) LMI benefits projects which **do NOT need to distinguish between "moderate income" and "low income" households (such as for a project for a community sewer or water system)**, using *Exhibit E's model survey form* (with *Option A*, as described below) will be the model to follow -- using it will tell you what percentage of the community is LMI and will help you assure that in the project area at least 51% of households in the "moderate income" category.
- However, for projects that need to (or have reason to want to) to distinguish between "moderate income" and "low income" households, using *Exhibit E's model survey form* (with *Option B*, as described below) or using *Exhibit G's model survey form* will be the models to follow.

■ ■ The HUD/CDBG income limit figures (according to household size) can be found in the HUD CDBG income limit tables (like **Exhibit C** of this handbook) that are distributed by the Montana Department of Commerce. The HUD CDBG income tables include income figures for the upper limits of "moderate income" (according to household size) for each county in the State. The figures for "moderate" income for the county in which the project will be located should be placed under the appropriate spaces on the model survey form for each household size. (The model survey form starts on page E-2.)

■ ■ Applicants considering public facilities projects should -- before conducting a local income survey -- review **Exhibit F** ("CDBG Requirements Regarding Assessments And Hookup Charges") to determine if their project will be affected by a federal requirement relating to project financing.

■ ■ The model income survey form (next page) should be used for area-wide CDBG projects that will **not** be utilizing a financing mechanism (such as a special improvement district assessment) that will require distinguishing between "moderate" income households and "low" income households.

Note to Persons Preparing or Using Exhibit E's Model Income Survey Form:

■ ■ The definition of "annual income" shown in this exhibit is a summary of the detailed definition contained in **Exhibit A**. If there is any question regarding application of the definition to an individual household, always consult the detailed language of the federal statute in **Exhibit A**.

Before conducting a local income survey, CDBG applicants are strongly encouraged to submit a draft of the survey form they intend to use to MDOC CDBG staff for their review and approval to assure that the results of the survey will be acceptable for CDBG ranking purposes.

MODEL HOUSEHOLD INCOME SURVEY FORMAT FOR AREA-WIDE CDBG PROJECTS

The information requested below is vital to (community's name) application to the Montana Department of Commerce for a Community Development Block Grant (CDBG).

The CDBG Program is a federal program intended to assist "low and moderate income families." Your individual response will be kept confidential and will not be available to the general public -- the individual statistics will be compiled and used in summary form for the grant application.

Included in the definition of "Annual Income" as used in this survey are all payments from all sources received by the family head (even if temporarily absent) and by each additional member of the family household who is not a minor (a minor is defined as a person under age 18). Income includes:

1. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
2. The net income from operation of a business or profession or from rental or real or personal property (this includes gross receipts minus operating expenses received from the operation of an unincorporated farm or ranch);
3. Interest and dividends;
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
6. Public assistance;
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
8. All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse.



Note to person preparing or using this form to prepare a survey form: The following pages provide two alternatives (Option A and Option B) for page two of Exhibit E's survey format for area-wide CDBG projects.

Whichever option is selected, it should be used in combination with the text shown above. Option B distinguishes low income versus moderate income, using HUD income limits for both categories (low and moderate) as explained above in Exhibit B.

**OPTION A:
MODEL HOUSEHOLD INCOME SURVEY FORMAT
FOR AREA-WIDE CDBG PROJECTS**



Note to person preparing or using this form to prepare a survey form: Actual moderate income levels from the current HUD income limits table for the appropriate county must be substituted for the hypothetical moderate income figures used in the example in this exhibit. **Delete this note from your form.**

INSTRUCTIONS: The table below lists incomes for various household (family) sizes. For the column that matches your household's size, was the combined gross income for all adult members of your household in the year **200...**, ABOVE or BELOW the income listed?

Family Size	1	2	3	4	5	6	7	8
Family Income	\$26,800	\$30,600	\$34,450	\$38,250	\$41,300	\$44,350	\$47,450	\$50,500

(* Note: Be sure to insert the current HUD moderate income figures for your community. Delete this note.)

ABOVE _____
BELOW _____

(Place an "X" behind the word that applies.)

EXAMPLE: If there are three persons currently residing in your household and the total gross income of the two adults was \$25,000, you would put an "X" after **BELOW** in the space above.

I certify that, after reviewing the CDBG definition of "annual income," the statement above is correct and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

NOTE: Anyone who knowingly provides false or incomplete income information may be subject to penalties for fraud under federal law.

Resident's Signature (or initials)

Address

Date



Note: For proper documentation, the individual should either be asked to sign the form, or local officials can have the person initial the form and the preparer code it by number so that the information is capable of being verified at a later date. Delete this note from your survey form.

**OPTION B:
MODEL HOUSEHOLD INCOME SURVEY FORMAT
FOR AREA-WIDE CDBG PROJECTS**



Option B is for projects that need to (or have reason to want to) to distinguish between "moderate income" and "low income" households. Be sure to insert the current HUD income figures for moderate income and low income households for your community. Delete this note from your survey form.

INSTRUCTIONS: This survey is not asking for you to write down your income. It asks only that you indicate by a check in the box how many persons are in your household and you put an additional check in the box that reflects the combined gross annual income for all adult members (persons age 18 and over) of your household for the year **200....**

Please remember this information is confidential. It is very important, however, that the responses are accurate because the information helps determine the level of need for grant funds or other outside assistance.

- A. ☐ There is one person in my household and the total yearly household income is:
- ☐ above **\$29,950** / year
 - ☐ between **\$29,950** / year and **\$18,750** / year
 - ☐ between **\$18,750** / year and **\$11,250** / year
 - ☐ below **\$11,250** / year
- B. ☐ There are two people in our household and the total household income is:
- ☐ above **\$34,250** / year
 - ☐ between **\$34,250** / year and **\$21,400** / year
 - ☐ between **\$21,400** / year and **\$12,850** / year
 - ☐ below **\$12,850** / year
- C. ☐ There are three people in our household and the total yearly household income is:
- ☐ above **\$38,500**/ year
 - ☐ between **\$38,500** / year and **\$24,100** / year
 - ☐ between **\$24,100** / year and **\$14,450** / year
 - ☐ below **\$14,450**/year
- D. ☐ There are four people in our household and the total yearly household income is:
- ☐ above **\$42,800** / year
 - ☐ between **\$42,800** / year and **\$26,750** / year
 - ☐ between **\$26,750** / year and **\$16,050** / year
 - ☐ below **\$16,050** / year
- E. ☐ There are five people in our household and the total yearly household income is:
- ☐ above **\$46,200** / year
 - ☐ between **\$46,200** / year and **\$28,900** / year
 - ☐ between **\$28,900** / year and **\$17,350** / year
 - ☐ below **\$17,350**/year

F. ☐ There are six people in our household and the total yearly household income is:

- ☐ above **\$49,650** / year
- ☐ between **\$49,650** / year and **\$31,050** / year
- ☐ between **\$31,050** / year and **\$18,600** / year
- ☐ below **\$18,600** / year

G. ☐ There are seven people in our household and the total yearly household income is:

- ☐ above **\$53,050** / year
- ☐ between **\$53,050** / year and **\$33,150** / year
- ☐ between **\$33,150** / year and **\$19,900** / year
- ☐ below **\$19,900** / year

H. ☐ There are eight people in our household and the total yearly household income is:

- ☐ above **\$56,500** / year
- ☐ between **\$56,500** / year and **\$35,300** / year
- ☐ between **\$35,300** / year and **\$21,200** / year
- ☐ below **\$21,200** / year

I certify that, after reviewing the definition of annual income, the statement made on the back of this page is correct and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

NOTE: Anyone who knowingly provides false or incomplete income information may be subject to penalties for fraud under federal law.

Please sign or initial, your response will not be considered valid for documenting without signature.

Resident's Signature (or initials)

Address

Date


 **Note: For proper documentation, the individual should either be asked to sign the form, or local officials can have the person initial the form and the preparer code it by number so that the information is capable of being verified at a later date. Delete this note from your survey form.**

EXHIBIT F

CDBG REQUIREMENTS REGARDING ASSESSMENTS AND HOOKUP CHARGES

The federal Housing and Community Development Act imposes special requirements on CDBG projects that will be financed, in part, by ***special assessments on property*** or ***hookup charges***.

According to HUD regulations, "**special assessments**" include:

- a fee or charge levied or filed as a lien against a parcel of real estate as a direct result of benefit derived from the installation of a public improvement; or
- a one-time charge made as a condition of access to the public improvement.

The requirements explained in Exhibit F cover:

- **assessments** on property through a special improvement district, or
- **hookup charges** for a water or sewer system.

Exhibit F's requirements do not apply to public facilities that will be financed through the issuance of revenue bonds.

Properties to be assisted with CDBG funds for payment of assessments must be intended for occupancy by low or moderate income households the majority of the calendar year.

1. Requirements Concerning Payment for Assessments and Hookup Charges in Areas with 51% or Greater Percentage of Low and Moderate Income Persons

If a community (1) intends to finance its public facility project through the creation of a special improvement district (SID) and (2) is requesting CDBG funds to financially participate in the project, then (3) **the community would be required to use CDBG funds to pay the entire SID assessment and hookup charges for each low and moderate income household within the project area.**

If the community determines that the CDBG grant amount is not sufficient to allow it to pay assessments for all low and moderate income persons, it would certify that fact to MDOC, and in this event either:

- a. provide sufficient CDBG funds to **pay all the assessments and hookup charges for low income households only**;

or

- b. use a **portion** of the CDBG funds to **pay for all low income households**, and **distribute the balance of CDBG funds remaining among moderate income households by prorating the amount of CDBG assistance in proportion to the level of household income among the moderate income households.**

2. Requirements Concerning Payment of Assessments and Hookup Charges in Areas with Less Than 51% Low and Moderate Income Persons

The Federal Housing and Community Development Act authorizes the use of CDBG funds for **payment of special assessments levied against properties owned and occupied by persons of low and moderate income in neighborhoods or communities where less than 51% of the residents are low and moderate income (LMI).**

- This allows a local government to use CDBG funds to pay special assessments levied against residential properties owned and occupied by LMI persons and for hookup charges for LMI persons even when less than 51% of the area residents are LMI.
- This provision provides a significant opportunity to provide direct benefit to low and moderate income families through public facilities projects which otherwise would not have been eligible.



However, a major limitation on this option is that in project areas with less than 51% low and moderate income households, CDBG funds can only be used to pay for assessments and hookup charges for LMI individuals – but not for other engineering or construction activity costs.

Questions and Answers on Special Assessments

1. Is the payment of special assessments an eligible CDBG activity?

Answer: Not directly. Payments of special assessments are only eligible because they are one way of financing a public improvement. Therefore, the public improvement itself must be an eligible activity.

2. Does the CDBG requirement pertaining to special assessments also apply to assessments levied against commercial or industrial properties?

Answer: No. The requirement applies only to special assessments against residential properties owned and occupied by LMI persons.

3. Does CDBG assistance in paying special assessments in a public facilities project convert a public facilities project into one funded in part with CDBG funds, thus triggering all applicable federal requirements, such as federal Davis-Bacon wage rates?

Answer: Yes.

4. Are there any exceptions to the requirement that CDBG funds be used to pay assessments for LMI persons?

Answer: Yes. Grant recipients are not required to pay assessments for LMI persons who own, but do not occupy, the assessed property. Also, grant recipients are not required to pay assessments for moderate income owner/occupants if the grant recipient certifies that it lacks sufficient CDBG funds to pay the special assessments for all LMI persons.

EXHIBIT G

(MODEL) HOUSEHOLD INCOME SURVEY FORMAT FOR AREA-WIDE CDBG PUBLIC FACILITIES PROJECTS WHICH WILL INCLUDE PAYING SPECIAL ASSESSMENTS OR PAYING HOOKUP CHARGES

For CDBG projects which must determine which households are considered "moderate income" households and which are "low income" households.

Before conducting a local income survey, CDBG applicants should submit a draft of the survey form they intend to use to MDOC CDBG staff for their review and approval to assure that the results of the survey will be acceptable for ranking purposes.



Applicants considering public facilities projects should review **Exhibit F** ("CDBG REQUIREMENTS REGARDING ASSESSMENTS AND HOOKUP CHARGES") to determine if their project will be affected by a federal requirement relating to project financing (when assessments or hookup charges will be levied).

The model income survey format in **Exhibit G** should be used for local surveys only if the project is utilizing a financing mechanism -- such as a special improvement district assessment -- that will require projects to distinguish between "moderate income" households and "low income" households.

Applicants for public facilities projects not affected by the *Exhibit F's* requirements should use *Exhibit E* as the basis for their income surveys.

Note to Persons Preparing or Using Exhibit G's Model Survey Form

The definition of "annual income" shown in this exhibit is a summary of the detailed definition contained in **Exhibit A**. If there is any question regarding application of the definition to an individual household, always consult the detailed language of the federal statute in **Exhibit A**.



The income levels shown below in **Table A** and **Table B** on the model form are hypothetical examples only. The current HUD income limits tables (which you can get from CDBG staff) contain correct income figures for each county in the State for the upper limits of "moderate" and "low" income, according to household size.

The model form must be adapted by incorporating the current HUD figures for "**moderate income**" (for the county in which the project will be located) in the spaces under **Table A** according to the household size.

The most current HUD figures for "**low income**" for each county are to be listed in **Table B** according to the household size.



NOTE: The terms "Moderate Income" and "Low Income" should be omitted from the actual survey form used for the survey to avoid offending the person completing the form.

**(MODEL) HOUSEHOLD INCOME SURVEY FORMAT
For Area-Wide CDBG Public Facilities Projects
Which Will Involve Special Assessments**

The information requested below is vital to _____ (*governing agency's name*) application to the Montana Department of Commerce for a Community Development Block Grant (CDBG).

The CDBG Program is a federally-funded program intended to assist "low and moderate income families." Your individual response will be kept confidential and will not be available to the general public. The individual statistics will be compiled and used in summary form for the grant application.

Included in the federal definition of "annual income" are **all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor (a minor is defined as a person under age 18).** Income includes:

1. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
2. The net income from operation of a business or profession or from rental or real or personal property (this includes gross receipts minus operating expenses received from the operation of an unincorporated farm or ranch);
3. Interest and dividends;
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
6. Public assistance;
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
8. All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse.

[Exhibit G MODEL INCOME SURVEY FORM, page 2]

Tables A and B below list examples of gross annual household incomes for various family sizes.

INSTRUCTIONS: In Table A below -- For the column for your family's size, was the combined gross unadjusted income for the year **200...** for all adult members of your household, ABOVE or BELOW the income listed in Table A?

Table A **(NOTE: This is the Moderate Income table – omit this note and the term from the survey form used.)**

Family Size	1	2	3	4	5	6	7	8
Family Income	\$26,800	\$30,600	\$34,450	\$38,250	\$41,300	\$44,350	\$47,450	\$50,500

***Be sure to insert the current HUD moderate income figures for your community. Delete this note.**

ABOVE A _____
BELOW A _____

INSTRUCTIONS: In Table B below -- If your income was below the income for your household size in Table A, was your combined gross income for all adult members of the household for the year **200...**, above or below the income listed for your household size in Table B?

Table B **(NOTE: This is the Low Income table – omit this note and the term from the survey form used.)**

Family Size	1	2	3	4	5	6	7	8
Family Income	\$16,750	\$19,100	\$21,500	\$23,900	\$25,800	\$27,700	\$29,650	\$31,550

*** Be sure to insert the current HUD low income figures for your community. Delete this note.**

ABOVE B _____
BELOW B _____

EXAMPLE: If there are four persons currently residing in your household and the combined gross income of the adult members of the household was **\$35,000**, you would check "**BELOW A**" under Table A, and "**ABOVE B**" under Table B.

I certify that, after reviewing the definition of "annual income" above, the above statement is correct and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

NOTE: Anyone who knowingly provides false or incomplete income information may be subject to penalties for fraud under federal law.

Resident's Signature (or initials)

Address

Date



Note: For proper documentation, the individual should either be asked to sign the form, or local officials can have the person initial the form and the preparer code it by number so that the information is capable of being verified at a later date. Delete this note from your survey form.

EXHIBIT H

TARGETING LMI BENEFITS IN CDBG PUBLIC FACILITIES PROJECTS

A basic requirement of the Community Development Block Grant (CDBG) Program is that each applicant for a CDBG public facilities project must **demonstrate that at least 51 percent of the persons who would benefit from the project have "low or moderate incomes" (LMI).**



Applicants for CDBG public facility projects can also design their project to directly benefit or "target" assistance for LMI persons residing within the project area.

- Several CDBG public facility projects have consisted of exclusively providing CDBG assistance to LMI families based upon income qualifications.
- In project areas that have less than 51% LMI households, this is the only type of CDBG public facilities assistance that is eligible.



It is also possible to combine direct benefit activities with area-wide benefit activities.

- This can increase the proportion of CDBG funds that will benefit LMI households and thus make a project more competitive (higher scoring) for CDBG' s "Benefit to LMI" ranking criterion (Criterion 6 for Public Facilities Projects and Criterion 4 for Housing and Neighborhood Renewal projects; see more details at http://comdev.mt.gov/CDD_CDBG_RA.asp).
- An example would be a water project serving a particular geographic area where the minimum LMI benefit has already been established on an area-wide basis (at least 51% of the project area households have incomes considered "low or moderate"). However, in addition, extra benefits can be provided directly to "targeted" LMI households, such as paying special assessments, water service hook up costs, or the costs of installing water meters.

"Targeting" CDBG assistance to LMI households requires creation of administrative procedures for making potential LMI households aware of extra, "targeted" benefits and for evaluating applications for assistance to determine income eligibility. In addition, local officials must execute contracts with benefited LMI households and must complete and inspect the contracted work.

By "targeting" CDBG assistance through public facility projects, applicants can claim an increased percentage of benefit in the calculation of LMI benefit for project activities.

- **The higher LMI benefit** which results from such targeting can then be indicated on the Benefit Low and Moderate Income (LMI) form (Exhibit K) to be included in the CDBG application -- thereby increasing the number of ranking points for this specific ranking criterion in the competitive CDBG ranking process.
- In some cases, this relatively small difference in points (that is, the additional LMI benefit points) can make the difference in whether an applicant will be competitive.

At first glance, the concept of "targeting" CDBG funds may seem like a paper exercise. However, in reality, it can be an effective means of responding to Congress' intent that the CDBG Program "give maximum feasible priority to activities which will benefit low and moderate income families...."

- The percentage of benefit to LMI figures calculated for each CDBG project and the aggregate figures that the Department of Commerce reports to HUD annually are the only way to document that local CDBG projects are actually benefiting the low and moderate income persons that Congress intended the program to serve.

Targeting can also make a public facility project more acceptable to local ratepayers by providing direct financial assistance to cover needed project elements that would otherwise place a serious financial burden on individual low and moderate income households. This is often a major concern for communities that high numbers of senior citizens living on fixed incomes.

Administrative Considerations when “Targeting” Is Involved In A project

Implementation of a targeting plan (which must be included in the application submitted to CDBG) will require additional administrative effort on the part of the applicant.

- In designing a targeting plan, applicants should ask whether the administrative time and effort necessary to carry out the targeting plan is consistent with the applicant's capacity and whether it is worthwhile relative to the level of benefits that would be obtained from the project.
- The anticipated benefits of targeting must be balanced against the additional administrative requirements necessary to carry out a targeting program.

Steps for Creating A Targeting Plan:

The following paragraphs outline the basic steps for putting together a plan and program for targeting CDBG benefits to low and moderate income persons.

While the following six steps generally apply to all targeting efforts for public facility projects, there is no one single appropriate approach or procedure. Applicants should design their own targeting or "direct benefit" program according to specific local needs or concerns. If local officials have any questions regarding the "targeting" of CDBG benefits for low and moderate income households or persons, they should contact the MDOC CDBG staff.

1. **Prepare an overall targeting plan** – by writing a plan that sets forth the basic steps describing how the applicant community intends to proceed with a targeting effort. The targeting plan typically would address the following elements:
 - a. development of eligibility criteria, policies, and procedures for applications, including verification of household incomes;
 - b. administration of beneficiary contracts;
 - c. proposed procedures for inspection of work;
 - d. payment of assistance to benefited households;
 - e. policies for LMI rental households, if applicable.
2. **Determine LMI income guidelines** for the purposes of establishing eligibility thresholds or limits.
3. **Conduct an LMI survey or advertise and establish an application process** to determine which households are LMI and thus are potentially eligible for targeted CDBG assistance.
4. **Estimate the number of LMI households to be assisted and determine estimated costs on a per household basis.**
5. **Determine total budgetary needs** to implement the targeting effort.
6. **Proceed with implementation** of the targeting effort, after obtaining Department of Commerce approval of the proposed procedures.

Communities considering targeted approaches for CDBG public facility projects should contact the Department for further information. MDOC CDBG staff have prepared sample agreements for homeowners or landlords to sign in return for receiving the payment of special assessments or hook-up charges. **A sample CDBG public facilities project targeting plan from the City of Missoula appears in *Exhibit I*.**

(SAMPLE) CDBG BENEFIT TO LMI FORM

The most current version of this Benefit to LMI Form (labeled as "Exhibit K") can also be found in the *CDBG Housing and Public Facilities Application Guidelines*, available on the CDBG website at http://comdev.mt.gov/CDD_CDBG_RA.asp

A	B	C	D	E	F
ACTIVITY DESCRIPTION (Do <u>not</u> include <u>administrative</u> activities)	Number of <u>Households</u> The Activity Will Serve	Number of <u>LMI Households</u> The Activity Will Serve	<u>% of Total</u> <u>Households</u> The Activity Will Serve <u>Who Are</u> <u>LMI</u>	Amount of CDBG Funds used for The Activity	Amount of CDBG Funds to Benefit LMI for The Activity
1. Construction of Treatment Plant	376	203	54%	\$275,000	148,500
2. Final Engineering Design and Construction Management by Project Engineer	376	203	54%	\$50,000	29,700
3. Direct Assistance to LMI Households (Paying Assessments for 75 LMI Households)	75	75	100%	93,250	93,250
4.					
5.					
			TOTAL	\$418,250	\$271,450

Overall Percent Benefit To LMI Households = $\frac{\text{Column F}}{\text{Column E}} = \frac{271,450}{418,240} = \underline{64.9\% \text{ Benefit to LMI}}$

Targeting and Calculating LMI Benefit for Project Activities in a CDBG Public Facilities Project

A hypothetical example of targeting in a CDBG Public Facilities Project is shown on the completed Benefit to Low and Moderate Income Form on page H-3 above. The example represents a public facilities project which combines activities that involve both area-wide benefit to LMI and a direct, targeted benefit to LMI households.

- Line 1 shows water treatment plant improvements for a community with an LMI area-wide population which is 54% LMI, based upon a community income survey. The area-wide LMI percentage, 54%, is used as a multiplier times the cost of the project activity, the treatment plant. **54% x \$275,000 = \$148,500 of the CDBG funds will benefit LMI.**
- Line 2 shows the project engineering line item for the overall project. The engineering services are associated with design and construction, both project-wide activities. Therefore, the 54% overall community LMI percentage is applied to this cost. **54% x \$55,000 = \$29,700 of the CDBG funds will benefit LMI.**
- On line 3, \$93,750 is budgeted for direct financial assistance to LMI households. The town proposes to assist 75 low income households by paying directly for the replacement of lead water service lines and new water meters at an estimated cost of \$1,250 per household. All of the expenditures from this line item would benefit LMI. Therefore, the calculation is **100% x \$93,250 = \$93,250 of the CDBG funds will benefit LMI.**
 - The figures in column E, AMOUNT OF CDBG FUNDS FOR ACTIVITY, total \$418,250
 - The figures in column F, AMOUNT OF FUNDS TO BENEFIT LMI, total \$271,450
 - **The net result is that the city receives an overall percent benefit to low and moderate income households of 64.9%** (rounded to 64%, per HUD rules), based upon \$271,450 of CDBG funds benefiting LMI households (column F), divided by total project activity (non administrative) funds of \$418,250 (column E).

Under the CDBG “Benefit to Low and Moderate Income” Ranking Criterion (Ranking Criterion 6 for Public Facilities Applications), the city would receive 28 points, based upon 2 points for each documented percentage of benefit to LMI persons above 50% -- 64% minus 50% equals 14, times 2 equals 28 points. Without targeting, the community would have received only 8 points under a strictly area-wide approach (54% minus 50% equals 4, times 2 equals 8 points).

In the typical CDBG public facility grant competition, scores can be very close. This relatively small difference between area-wide benefit to LMI versus a targeted approach can be enough to make an application successful.



CDBG projects that commit larger percentages of their grant request to direct targeting of CDBG assistance to LMI households tend to be correspondingly more competitive against other applications which are proposing area-wide benefit to LMI only.

EXHIBIT I

Sample CDBG Public Facilities Targeting Plan for A Project with Direct Benefit to LMI Households

In 1993, the City of Missoula was awarded a CDBG Public Facilities grant to sewer the California Street area. This project provided assistance in the form of payment of SID assessments to low and moderate, owner-occupied and rental units.

The original plan was for funds to also pay for hookup costs for low-income, owner-occupied households. Due to savings realized from the construction activity budget, not only was the project able to cover hookup costs for low-income, owner-occupied households but for moderate-income, owner-occupied households as well. Before proceeding with this additional activity, approval was obtained from Montana CDBG staff.

The City of Missoula targeting plan for direct benefit to LMI is outlined below.

1. Targeting Mechanism

The SID (Special Improvement District) assessment and hookup assistance will be provided only to those low-income, owner-occupied homeowners who qualify under CDBG guidelines. Federal law requires that CDBG projects pay 100% of the assessment and hookup costs for low income, owner-occupied houses.

- a. Upon award of CDBG funds, the process to create a SID for construction of a sewer system for the project area will be initiated. Each homeowner in the area will be notified by certified mail of the potential SID. A public hearing will be scheduled and comments heard. A protest of 75 percent of the owners can nullify the creation of a SID for sewer. In addition to notifying the citizens of the SID, the letter will also address the possibility of CDBG grant assistance. Eligibility requirements will be outlined and an application form for assistance included. If they are interested, the application will be filled out and returned to the City CDBG staff. The applicants will be asked to submit tax forms or other income verification documents before assistance is given. They will sign the form and return it to the City CDBG staff. Eligibility will be confirmed by the City CDBG staff using HUD income guidelines.
- b. The City of Missoula will bid the project as required by Montana law and by the CDBG Administration Manual (Chapters 3 and 9). The construction bid will include the full-service hookup to the residence of those low-income, owner-occupied homes. All residents of the project area will be notified when construction is to begin.
- c. Inspection of completed work will be performed by a consulting engineer and the City Engineering staff.
- d. SID assessments for those who qualify will be paid directly by the City. Households will not be billed for SID assessment or, if they qualify, for hookup costs.

Those homeowners who do not qualify for assistance will be given the option to hookup to the City sewer at their own expense at the same time as the low-income households. They will be able to contract with independent, licensed contractors for this service at their expense.

The cost estimates are based on preliminary income data. Realizing that new income information will need to be gathered upon project start-up and that situations may have changed by then (such as transfer of ownership, loss of job, change of tenant, etc.), the amount required to pay the SID assessment of the low-income, owner-occupied households is now estimated to be \$3,400. Hookup costs are estimated at \$1,600. Estimates were provided to the public as a handout for the CDBG public hearing.

2. Income surveys received are on file with City CDBG staff. Surveys were sent to all property owners and residents of record in the project area. There are 796 properties in the project area incorporating approximately 454 residences. Valid surveys were returned from 323 residences. The data based on the income survey sent to each owner indicate that 80 of the households probably qualify for assistance.
3. Targeting assistance will be assured by simplifying the process. Upon completion of the project, the precise cost of the project will be determined and SID assessments will be billed. As described above, the SID assessment for those receiving CDBG assistance will be paid directly by the City. The homeowner will not receive a billing. A letter will be sent notifying the owner of the CDBG assistance received. Using this system, completion of targeting assistance within the term of the project is certain.

EXHIBIT J
(MODEL) INCOME CERTIFICATION FORM
FOR PROJECTS WITH DIRECT BENEFIT TO LMI HOUSEHOLDS

Note to Persons Preparing or Using this Model Income Certification Form

The definition of "annual income" in this exhibit is a summary of the detailed definition contained in Exhibit A. If there is any question regarding the application of the definition on this form to an individual household, always consult the detailed language of the federal statute in Exhibit A.

The following format can be used by communities to prepare Income Certification forms to document the eligibility of households that will receive "direct benefits" through a local CDBG project. Current HUD CDBG income limits (available from CDBG upon request) contain income figures for the upper limits of moderate income, according to household size, for each county in the State. The figures for moderate income for the county in which the project will be located should be placed under the appropriate spaces on the form for each household size.

(MODEL) INCOME CERTIFICATION FORM

The following information is necessary for you to be eligible for assistance under our community's Community Development Block Grant (CDBG) project. The CDBG Program is a federal program intended to assist "low and moderate income families." Your response will be kept confidential and will not be available to the general public.

Included in the **federal definition of "annual income"** are **all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor (a minor is defined as a person under age 18).** Income includes:

1. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
2. The net income from operation of a business or profession or from rental or real or personal property (this includes gross receipts, minus operating expenses, received from the operation of an unincorporated farm or ranch);
3. Interest and dividends;
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
6. Public assistance;
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
8. All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse.

Documenting Annual Income for Direct LMI Benefit Situations



For all direct LMI benefit situations, CDBG recipients must document the eligibility of the persons or families that will receive CDBG benefits.

The general concept that is applied in documenting low and moderate income benefit is that the greater the total financial benefit that will be provided to a family, the greater the responsibility to verify the accuracy of the family's income claim.

For example:

In a CDBG *Housing and Neighborhood Renewal* project, where an LMI family may be receiving (up to \$20,000 by means of) a grant or low-interest loan, a frequently used approach is to require applicants for CDBG assistance to submit documentation to confirm gross annual household income such as copies of the most recent Internal Revenue Service income tax forms for family members.

Another example:

In a CDBG *Public Facilities* project that will provide substantial direct benefits to LMI households (such as paying for special improvement district property assessments), the CDBG assistance may amount to several thousand dollars.

In both cases, the individual families who are applying for possible LMI direct benefit assistance should be informed that providing false information is a serious matter and may constitute fraud under federal law. The model form includes language concerning this issue

(MODEL) INCOME CERTIFICATION FORM FOR DIRECT LMI BENEFIT SITUATIONS



Note to Persons Preparing or Using This Form: Actual moderate income levels from the current HUD income limits table for the appropriate county must be substituted for the hypothetical moderate income figures used in the example in this exhibit.

INSTRUCTIONS: The table below lists incomes for various household (family) sizes. For the column that matches your household's size, was the combined gross income for all adult members of your household in **200...** ABOVE or BELOW the income listed?

Family Size	1	2	3	4	5	6	7	8
Family Income	\$26,800	\$30,600	\$34,450	\$38,250	\$41,300	\$44,350	\$47,450	\$50,500

***Be sure to insert the current HUD income figures for your community. Delete this note.**

ABOVE ____

BELOW ____

(Place an "X" behind the word that applies.)

EXAMPLE: If there are three persons currently residing in your household and the total gross income of the two adults was \$25,000, you would put an "X" after BELOW in the space above.

I certify that, after reviewing the CDBG definition of "annual income", the statement above is correct and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

NOTE: Anyone who knowingly provides false or incomplete income information may be subject to penalties for fraud under federal law.

Applicant's Signature (or initials)

Address

Date

EXHIBIT K

CDBG BENEFIT TO LOW AND MODERATE INCOME (LMI) FORM

The CDBG BENEFIT TO LOW AND MODERATE INCOME (LMI) FORM on the following page (or the equivalent Exhibit K that can be found in the CDBG Application Guidelines) should be **used by applicants to document compliance with the CDBG requirement for benefit to low and moderate income persons.**

The most current version of this Benefit to LMI Form (also labeled as "Exhibit K") can also be found in the CDBG *Housing and Public Facilities Application Guidelines*, available on the CDBG website at

http://comdev.mt.gov/CDD_CDBG_RA.asp.

The calculation of benefit to low and moderate income households or persons is essentially a two-stage process:

- First, the percentage of benefit to low and moderate income households or persons must be determined for each non-administrative activity proposed in the CDBG project.
- Second, these percentages are applied to the CDBG funds requested for each line item activity to get the total number of dollars that will benefit low and moderate income households or persons.

STEPS FOR COMPLETING THE CDBG BENEFIT TO LMI FORM

Each step in completing the "CDBG BENEFIT LOW AND MODERATE INCOME (LMI) FORM" is described below. Applicants should use the form to describe the total CDBG dollar and percentage benefit that will result from their proposed projects. Either households or persons may be used, as the basis for calculation as long as the method selected is consistent with the method used to verify the household income levels.

1. In column A, describe the activity by name, such as "Housing Rehabilitation". **Do not include administrative activities.** The activities should be the same as shown on the application budget form under "ACTIVITY."
2. In column B, show the total number of households that the activity will serve.
3. In column C, show the number of low and moderate income households that the activity will serve.
4. In column D, show the percentage of low and moderate income households that the activity will serve. This is derived by dividing the number in column C by the number in column B for that activity. (Summary of Item 4: List in column D the percentage of total households the activity will serve who are LMI. Example: If 50 households will be served by an activity and 20 of those 50 are LMI households, then the number for item 4 is 40% -- that is 20 divided by 50, expressed as a percentage.)
5. In column E, show the total amount of CDBG funds requested for the activity. This should be the same as shown on the application budget form under "ACTIVITY."

6. In column F, show the amount of those funds that will be used to benefit low and moderate income households. This is derived by multiplying column E by the percentage in column D.
7. At the bottom of column E, show the total amount of non-administrative CDBG funds by adding up the CDBG funds requested for each activity.
8. At the bottom of column F, show the total amount of funds that will be used to benefit low and moderate income households by adding up the amount of funds to benefit low and moderate income households for each activity.
9. Determine overall benefit by dividing the total of column F by the total of column E to get the total CDBG project benefit to low and moderate income households. Include percentage at bottom of form.



If you have questions about the basic process of calculating LMI benefit or about completing this form, please review the example at the end of Exhibit H.

See also the examples in Section C (*Calculate Low and Moderate Income Benefit for Each Project Activity*) and also Section D (*Determine Overall LMI Benefit*) of this LMI Benefits handbook.

If you still are not clear on how this is done, please contact the MDOC CDBG staff for assistance.

CDBG BENEFIT TO LMI FORM (“Appendix K”)

The most current version of this Benefit to LMI Form (also labeled as “Exhibit K”) can also be found in the
CDBG Housing and Public Facilities Application Guidelines,
 available on the CDBG website at http://comdev.mt.gov/CDD_CDBG_RA.asp.

A	B	C	D	E	F
ACTIVITY DESCRIPTION (Do <u>not</u> include <u>administrative</u> activities)	Number of <u>Households</u> The Activity Will Serve	Number of <u>LMI Households</u> The Activity Will Serve	% of <u>Total</u> <u>Households</u> The Activity Will Serve <u>Who Are</u> <u>LMI</u>	Amount of CDBG Funds used for The Activity	Amount of CDBG Funds to Benefit LMI for The Activity
1.					
2.					
3.					
4.					
5.					
6.					
7.					
			TOTAL		

Overall Percent Benefit to LMI Households = $\frac{\text{Column F}}{\text{Column E}}$ = _____ % LMI Benefit

EXHIBIT L

DOCUMENTING BENEFIT TO LMI FOR THE CDBG ECONOMIC DEVELOPMENT PROGRAM

A. GRANTEE RESPONSIBILITIES

It is the responsibility of the grantee to document the proposed benefit to LMI at the time of application. In addition, the grantee must monitor this over the two-year contract period and document the actual benefit at the time of closeout.

In addition to all of the applicable compliance actions and procedural steps contained in the chapters discussed above, the grantee (and business, where appropriate) must follow the steps outlined in the following sections.

1. Document Benefit to Low and Moderate Income (LMI) Persons

All CDBG projects are required to meet the Congressional National Objective of benefiting low and moderate-income (LMI) families. LMI families are defined as those families whose income does not exceed 80% of the county median income for the previous year or 80% of the median income of the entire non-metropolitan area of the State of Montana, whichever is higher. **Contact your CDBG liaison to get the HUD income tables that delineate 80% of county median income by family size.**

For **economic development activities** to meet this National Objective, the applicant must demonstrate a benefit to LMI in one or more areas listed below. The activity must:

- be carried out in a neighborhood or community where 51% or greater number of LMI persons reside;
- employ persons, a majority of whom are LMI;
- make training available to LMI persons to help them qualify for higher skilled employment; or
- engage in advertising and recruitment efforts targeted to LMI persons.

To document the benefit to LMI persons, determine which of the four activities listed above applies to the project. The grantee must determine the best method by which to substantiate this determination and provide appropriate documentation. Possible methods include:

- Identifying the specific neighborhood or community boundary and conducting an income survey of the project's intended beneficiaries
- Obtaining income certifications from individuals hired
- Documenting the type of training to be provided
- Documenting efforts to advertise and recruit LMI

Usually, LMI benefit is documented in one or more of the following ways:

Verification per LMI Job Created or Retained

Using the forms for the Calculation of Benefit to Low and Moderate Income Persons, found at the end of this exhibit, verify the number of positions currently held by LMI persons for an existing business, and project those full-time equivalent (FTE) LMI jobs to be created based on the company's hiring plan. For purposes of documentation, **"full time equivalent" means "40 hours per week."** Fifty-one percent (51%) of all the positions to be created or retained must be filled by or made available to LMI persons. Aside from using the HUD income tables, a person may be presumed to be LMI under certain conditions. Contact your CDBG liaison for this information.

Area-wide Benefit (City or County-wide Benefit)

An "area-wide project" must be in an area that is predominately residential. Fifty-one percent (51%) of all persons living within the city or county boundaries must be LMI. Area-wide benefit should be documented by current program year HUD income tables provided by your CDBG liaison. A fairly current income survey for the area may also be used if the documented methodology complies with MDOC survey requirements. (For additional information on area-wide benefit, and to determine whether your project would qualify as an area-wide benefit project, contact CDBG staff.)

Limited Clientele

Benefits must be provided exclusively to a **clearly** defined, specific clientele. If a population is targeted to be the beneficiary of a project, the project scope must demonstrate that the benefits to be provided to that population are **not** available to all residents and that the targeted population meets one of the criteria below:

- a. Benefit is specifically targeted to a group presumed to be 51% or more LMI, unless there is evidence to the contrary. The limited clientele definition can be applied only to the groups listed below as included under HUD regulations, 24 CFR [570.208](#) (a)(2):
 - Abused Children
 - Homeless Persons
 - Battered Spouses
 - Illiterate Adults
 - Elderly Persons
 - Migrant Farm Workers
 - Adults meeting the Bureau of Census' definition of severely disabled adults
 - Persons living with the disease AIDS
- b. Information on family size and income shows that at least 51% of the clientele is LMI (e.g., programs being operated where LMI income certification is routinely requested to allow participation in the program)
- c. Benefits are limited to LMI (e.g., a nursing home whose occupancy is limited to LMI)
- d. The nature of activity and location supports conclusion that clientele is 51% or more LMI (e.g., a day care operated in an inner city neighborhood, a micro-enterprise as defined by HUD, or an organization that supports micro-enterprise development)
- e. Removal of architectural barriers that limit the mobility of elderly and handicapped.

The grantee's project must be designed specifically to benefit LMI persons such as those groups previously identified.

Micro-enterprises

Projects that meet HUD's definition of a MicroBusiness Enterprise are automatically assumed to provide a 51% benefit to low and moderate-income persons. MicroBusiness Enterprises do not have to meet the cost per LMI job requirement. A MicroBusiness, as defined by HUD, is a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise. A MicroBusiness Enterprise under HUD's definition automatically meets the 51% low-moderate income national objective if the income status of the assisted MicroBusiness Enterprise **owner** is of low to moderate-income. That person is presumed to continue to qualify as low to moderate-income for up to a three-year period after the CDBG assistance is provided. This allows business owners to continue receiving CDBG assistance even when they no longer qualify as an LMI household.

2. Document LMI Jobs Created or Retained

The primary goal of a CDBG-funded economic development program activity is to increase job opportunities for **local** residents, particularly persons of low and moderate-income. The principal objective of the project is to create or retain jobs, 51% of which must be filled by or made available to low and moderate-income persons. A low and moderate-income person is defined as a member of a low and income moderate family. Both the size of the family and the total income of the entire family must be considered when determining whether an individual is a low and moderate-income person. The MDOC provides the HUD Section 8 household income tables required to make this determination. The low to moderate-income determination is made at the time of application for CDBG assistance for jobs to be retained, and prior to a person being hired for a job using the person's previous year's income.

The family income is considered as of the time the jobs are filled or retained, not after the low and moderate-income person is hired. Jobs must be equally available to low and moderate-income persons.

Grantees must ensure that methods are used to ensure preferential recruitment, hiring, and training of local workers, particularly those of low and moderate-income. When a grant is awarded, the applicant's commitment to the hiring plan is considered binding and will be incorporated in the grant agreement between the grantee and MDOC.

All jobs must be converted into full-time equivalent positions. A full-time equivalent employee is an individual who is employed for 40 hours a week on the average or a combination of individuals whose combined hours of employment equal 40 hours per week.

Permanent, year-round jobs are the priority of the program. Only permanent jobs may be counted. Temporary construction jobs and other temporary and some seasonal jobs may not be counted. Projects involving primarily seasonal jobs are not generally acceptable under federal CDBG requirements. **In order to be counted, a seasonal job must be the primary occupation and the principal source of income to the low to moderate income person for the year. This situation is very difficult to document and is not encouraged for CDBG projects.**

The base level of employment with a list of all current employees and job titles must be provided with the application for CDBG funding to determine the actual number of new hires. For existing firms, applicants must provide employment levels for the past year. The date for determining the base level of employees will be the application submission date. Only jobs that the assisted business creates directly within a 24-month period following grant award will usually be counted toward this requirement. The Department cannot consider jobs created indirectly by an assisted activity (i.e., “trickle-down” jobs).

Fifty-one percent (51%) of all jobs created by the business during the term of the project must be filled by or made available to LMI persons. This applies even if more jobs are created than were originally projected.

For projects involving the retention of jobs, the income levels should be documented for the prior year's income of the family. The verification forms should be completed no more than 30 days before submittal of the application. The application must provide clear and objective evidence that, in the absence of the CDBG assistance, the jobs will be lost. The business will have to commit to filling as many new job openings from turnover and job creation as is reasonably possible with low and moderate-income persons. The full application must include a complete listing of all existing jobs by title, race, ethnicity, gender and handicapped status. **The application must indicate which positions are currently held by low and moderate-income persons.** The business should provide an estimate of its expected job turnover rate during the next two years, especially if job turnover will be counted toward the low and moderate-income benefit percentage.

Businesses claiming retention of jobs **must submit with their application** documentation of existing employees eligible to be considered low and moderate income by using the forms for the Calculation of Benefit to Low and Moderate Income Persons (Form #1), and the Employment Tracking and Direct Benefit Summary (Form #2) found at end of this exhibit.

Grantees must ensure that they maintain complete hiring records. Grantees must also ensure that the assisting agency and the assisted business maintain complete records. Federal regulations and reporting requirements require that racial, ethnic and gender characteristics information be maintained **for all job applicants** as well as new hires.

Applicants should take into consideration equal opportunity and nondiscrimination laws to ensure that women and minorities are not excluded from participation, denied the benefit of, or subjected to discrimination under any program or activity funded in whole or in part with CDBG funds.

3. Making Jobs Available to LMI

The best situation, and one that MDOC highly recommends, would involve requiring that the positions considered available to low and moderate-income persons actually be filled by low and moderate income persons. This approach is more easily documented and defensible. When this is not possible, the business must be able to document that it gave first consideration to low and moderate-income persons during the hiring process. First consideration means that a business gives objective consideration to the employment of low and moderate-income persons. “Objective consideration” must involve the business at least interviewing a sufficient number of low and moderate-income persons so as to provide the maximum opportunity for filling the position with low and moderate-income persons.

The U.S. Department of Housing and Urban Development (HUD) developed the “first consideration” approach with the expectation that, in most instances where it is applied, the outcome will be that more than 51% of the persons hired will be low and moderate income. The business will be required to consider a sufficient number of low and moderate-income job applicants to meet the intent of this requirement. The grantee must ensure that there is adequate documentation available to show what jobs were created, what process was used for “first consideration”, which low and moderate-income persons were considered for such jobs, and which of those persons were hired. (Consult the Business Resources Division-CDBG staff if uncertain whether a job to be created would be considered “made available to” low and moderate-income persons, and for steps to take to ensure that low and moderate-income persons are able to apply for available jobs.)

HUD has accepted retained jobs actually held by low and moderate-income persons, considering their family income and size, as jobs made available to low and moderate income persons.

B. THRESHOLDS FOR FUNDING

Public Benefit Test - CDBG Cost per LMI Job

The amount of non-administrative CDBG funds requested must not exceed **\$25,000** for each job created or retained by the business or economic development activity. This is determined by dividing the total number of permanent full-time or full-time equivalent jobs to be directly created or retained by the assisted business into the total amount of the non-administrative CDBG funds requested. This amount does not apply to employee training. The maximum amount of non-administrative CDBG funds per job for employee training is **\$5,000**.

Projects that the Department determines to qualify as providing benefits to low and moderate income persons in an area that has a population of at least 51% low and moderate income persons (area-wide benefit) have to meet the public benefit test of not more than \$35,000 of non-administrative CDBG funds per job. Applicants must contact the Department for a determination whether a project qualifies as an area-wide benefit activity.

Applicants should take into consideration equal opportunity and nondiscrimination laws to ensure that women and minorities are not excluded from participation, denied the benefit of, or subjected to discrimination under any program or activity funded in whole or in part with CDBG funds.

FORM #1

**CALCULATION OF BENEFIT
TO LOW AND MODERATE INCOME PERSONS AND
RACE AND ETHNICITY CATEGORIES**

Communities with a local CDBG economic development project must use the following format for job applicants and new hires for jobs created or retained to document the family income.

****Contact the CDBG-ED staff for a copy of the latest HUD Income Limits for each county in the State. This publication changes every year.** New income figures are available each spring from the Department of Housing and Urban Development. The new income figures will be sent to current grantees as soon as they are available. The figures for income levels for the county in which the project will be located should be placed under the appropriate spaces on the form for each family size.

The income level stated for the form can be based on either the previous 12 months before the date the form is signed or on the income reported on the most recent income tax form submitted to the Internal Revenue. If the job applicant has been qualified under the Job Training Partnership Act (JTPA), except for the Displaced Workers Program, this form does not have to be filled out. The agency that screened the JTPA income level for the individual should provide verification to the local government for its files. The method used should be consistent. It is often difficult for an individual to determine accurately the income for the previous 12 months, which would necessitate using the reported income tax statement for the most recent tax year.

Race and ethnicity categories should be collected at the same time that income surveys are given. A sample form is part of this exhibit for collection of that data.

NOTE:

The form included here is the acceptable format. Other variations of the form may not meet HUD guidelines, and the Department must review other variations before they are used.

The form used must have the warning that income may be verified and penalties could be imposed for false statements.

Information obtained from the applicant should be sufficient to complete the *Employment Tracking and Direct Benefit Summary* form (Form # 2 of this exhibit).

Income Certification for Job Creation and/or Retention

The following information is necessary for purposes of documenting that you qualify as a low and moderate income (LMI) person under our community's Community Development Block Grant – Economic Development (CDBG-ED) project. The CDBG-ED Program is a federal program intended to assist "low and moderate income families." Your response will be kept confidential and will not be available to the general public.

Included in the federal definition of "annual income" are all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family who is not a minor. Income includes:

1. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
2. The net income from operation of a business or profession or from rental or real or personal property (this includes gross receipts, minus operating expenses, received from the operation of an unincorporated farm or ranch);
3. Interest and dividends;
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
6. Public assistance;
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
8. All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse.
9. Indicate whether or not your employment status prior to being hired for this current position as "unemployed prior to hire", or "employed elsewhere prior to hire" (**for new hires**); or "currently hired in this position" if you're not a new employee.

CDBG INCOME LIMITS BY SIZE OF HOUSEHOLD

Household Size

County	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Extremely Low (EL)								
Low Income (L)								
Moderate Income (M)								
My Income Exceeds The Amounts Above (NL)								

I certify that, after reviewing the definition of "annual income" above, the total gross income of all members of my family for year **2008** (*or the previous 12 months from the date the form is filled out*) is as **circled** above. I further certify that the above statement is true, accurate, and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

Please check one of the following:

(FOR NEW HIRES)

_____ Unemployed prior to hire

_____ Employed elsewhere prior to hire

Applicant's Signature

Applicant's Printed Name

(OR)

_____ Currently employed at this business

Address

Date

NOTE: Section 1001 of Title 18 of the United States Code and Criminal Procedure shall apply to the foregoing certification. Title 18 provides, among other things, that whoever knowingly and willfully makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned not more than five years or both.

SAMPLE CDBG INCOME LIMITS BY SIZE OF HOUSEHOLD

Household Size

Blaine County	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Extremely Low	9750	11150	12550	13900	15050	16150	17250	18350
Low Income	16250	18550	20900	23200	25050	26900	28750	30600
Moderate Income	26000	29700	33400	37100	40100	43050	46050	49000
My Income Exceeds The Amounts Above								

(Note to Persons Preparing This Form: Insert the appropriate current income limits above for each size of household.)

I certify that, after reviewing the definition of "annual income" above, the total gross income of all members of my family for year **2008** *(or the previous 12 months from the date the form is filled out)* is as **circled** above. I further certify that the above statement is true, accurate, and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

Please check one of the following:

(FOR NEW HIRES)

_____ Unemployed prior to hire

_____ Employed elsewhere prior to hire

Applicant's Signature

Applicant's Printed Name

(OR)

_____ Currently employed at this business

Address

Date

NOTE: Section 1001 of Title 18 of the United States Code and Criminal Procedure shall apply to the foregoing certification. Title 18 provides, among other things, that whoever knowingly and willfully makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned not more than five years or both.

Federal Standards for Definition of Low and Moderate Income Status

(Income eligibility standards from the U.S. Housing Act of 1937)

Section 889.103. Determination of income for eligibility.

For purposes of determining whether a family is a lower-income family, income shall be determined in accordance with Section 889.104, except that where a family has net family assets in excess of \$5,000, income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net family assets means value of equity in real property, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

Section 889.104. Computation of annual income.

- (a) Except as provided in paragraph (b) of this section, all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:
- (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
 - (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
 - (3) Interest and dividends;
 - (4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
 - (5) Payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay (see paragraph (8) (b) (3) of this section).
 - (6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
 - (i) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - (ii) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities.
 - (7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
 - (8) All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse (see paragraph (8) (b) (5) of this section).
- (b) The following items shall not be considered as income:

- (1) casual, sporadic or irregular gifts;
- (2) amounts which are specifically for or in reimbursement of the cost of medical expenses;
- (3) lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;
- (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans, not used for the above purposes of which are available for subsistence are to be included in income;
- (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
- (6) Relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- (7) foster child care payments;
- (8) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
- (9) payments received pursuant to participation in the following volunteer programs under the ACTION Agency;
 - (i) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
 - (ii) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

**INDIVIDUAL DIRECT BENEFIT
ETHNICITY AND RACIAL CATEGORY RECORDING FORM
(To be Completed by Newly Hired Persons, or by Persons Holding a
Current Job for Job Retention Projects)**

(Name of local government) is required by federal regulations governing the Community Development Block Grant –Economic Development Program to request the following information in order for the Montana Department of Commerce to monitor **(Name of local development organization's)** compliance with federal equal opportunity and fair housing laws.

Federal law provides that an agency may not discriminate on the basis of this information, or on the basis of whether you choose to furnish the information. However, if you choose not to furnish it, this agency is required to note race, gender and/or handicap status on the basis of visual observation and/or surname.

If you do **not** wish to provide the requested information, please check the following box, and the information will be determined by your employer.

☐ **I do not wish to furnish this information.**

~~~~~  
**Please select from each of the following categories:**

**Ethnicity:** (select one of the following)

- ☐ Hispanic or Latino  
☐ Not Hispanic or Latino

**Race:** (select the one that best describes your category)

- ☐ White  
☐ Black or African American  
☐ Asian  
☐ American Indian or Alaskan Native  
☐ Native Hawaiian or Other Pacific Islander  
☐ American Indian or Alaskan Native *and* White  
☐ Asian *and* White  
☐ Black or African American *and* White  
☐ American Indian or Alaskan Native *and* Black or African American

**Other Needed Information:** (select all that apply)

- ☐ Female  
☐ Male  
☐ Handicapped  
☐ Female Head of Household

If applicable, when the person declines to furnish the information:

On the basis of sight or surname, the above information has been noted by:

Name: \_\_\_\_\_ Initialed: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

## FORM #2

### EMPLOYMENT TRACKING & DIRECT BENEFIT SUMMARY

#### INSTRUCTIONS FOR COMPLETING FORM

NOTE: HUD is requiring states to collect and report additional information from assisted businesses. This revised form includes new categories for reporting. Please review these new categories, then start collecting and reporting the new information on future employment tracking forms. If you have any questions, please contact a CDBG-ED staff person.

1. RACE AND ETHNICITY DATA. HUD has changed its policy on Federal data collection for race and ethnicity. Please note that new race categories have been added to this Exhibit, and also an added column for ethnicity. Both columns need to be filled out for each employee reported. For additional information on these new categories, please visit the federal website:

<http://www.whitehouse.gov/omb/fedreg/ombdir15.html>.

2. DUNS IDENTIFICATION NUMBER. Provide the D&B DUNS Identification number for the assisted business. If the business does not have a DUNS number, they must apply for one. For more information, see the following websites:

<http://fedgov.dnb.com/webform/displayHomePage.do> and

[http://fedgov.dnb.com/webform/pages/reqDuns\\_phone.jsp](http://fedgov.dnb.com/webform/pages/reqDuns_phone.jsp)

Or Contact the D&B Government Customer Response Center, 1-866-705-5711

3. NAIC CODE. Report the NAIC industry classification code for the assisted business. For more information, see this website:

<http://www.census.gov/epcd/naics02/naicod02.htm#N11>

4. CLASSIFICATION CODE. Identify the job classification code for each position.

5. HEALTH CARE BENEFITS. Declare whether or not a business sponsors health care benefits for its employees.

#### General Information

**A family's income is the income amount at the time jobs are filled, not after a person is hired into the position.** For new hires, income is determined for the year prior to the date the person is hired. For projects retaining jobs, the income levels should be documented for the prior year's income of the family.

**NOTE:** Businesses claiming retention of jobs should have submitted this form or its equivalent with the application to document existing employees eligible as low and moderate income. The form must indicate which positions are currently held by low and moderate income persons. The application must have provided clear and objective evidence that, in the absence of the CDBG-ED assistance, the jobs would have been lost, and the business had to commit to filling as many new job openings from turnover and job creation, if any, as reasonably possible with low and moderate income persons.

Fill out the Form for all new hires, being sure to update “Total Positions to Date” as well as the “Total Number of LMI Hires to Date.” This form is to be used on an on-going basis, with quarterly reports submitted to the Department. Grantees may insert as many lines as needed to record new hires during the course of the MDOC contract. **It is not necessary to fill out a separate form each quarterly report, rather, to use this tracking sheet as a continuous, cumulative record of hiring activity.**

**If you have an employee that is terminated and later rehired, the person is treated the same as a “new hire.” A new Income Certification form must be filled out, since the person’s LMI status may have changed during the intervening time period.**

## **INSTRUCTIONS FOR TOP OF THE PAGE**

### **1. NAME OF LOCAL GOVERNMENT**

Enter the name of the grantee – i.e., the name of the City, Town or County.

### **2. NAME OF ASSISTED ENTITY/BUSINESS**

Enter the name of the assisted entity or business.

### **3. DUNS NUMBER FOR BUSINESS**

Enter the DUNS number for the assisted business.

### **4. NAIC CODE**

Enter the NAIC industry classification for the type of business.

### **5. DOES THE BUSINESS PROVIDE HEALTH CARE BENEFITS?**

Enter a “yes” or “no” to whether the business sponsors health care benefits for its employees.

### **6. Enter your CDBG-ED Contract Number (MT-CDBG-EDXX-XX).**

### **7. Enter the **calendar quarter** (month/day/year) for which this form is being completed (e.g., March 31, XXXX; June 30, XXXX; September 30, XXXX; December 31, XXXX).**

### **8. Enter the **Total (Cumulative) Number of FTEs trained** from the beginning of the project through the end of the current quarter, and also the **total number of LMI FTE’s trained to date**.**

### **9. For projects proposing to create new jobs: Enter the Total (Cumulative) Number of New Positions **Created** from the beginning of the project through the end of the current quarter. This number would include the Total (Cumulative) Number of New FTEs **actually hired as permanent employees after completing the training program and probationary period.** Ensure that jobs/positions that experience job turnover are not double-counted.**

10. For projects proposing to retain jobs: Enter the Total Number of Employees **Retained**. Unless the assisted entity is proposing to create some new jobs along with job retention, this number will not change throughout the term of the project.
11. Enter the name of the **person who verified the information** on this form for this quarter.
- NOTE:** The MDOC recommends that the project manager, the job service, or other assisting agency fill out this form. If someone from the assisted entity (the business) fills out this form, the project manager, the job service, or other assisting agency should perform (and document) independent tests to verify that the information is correct.
12. **Enter the date** the information on this form for this quarter was verified (the date the form was filled out).

## **INSTRUCTIONS FOR THE COLUMNS**

13. **EMPLOYEE NAME**

Enter the name of the employee and position title.

14. **POSITION NUMBER**

Enter the employment or job **Position Number** or other unique position identifier (*a unique position identifier is **required** to ensure that jobs are not double-counted in turnover situations*).

15. **JOB CODE**

Enter the Job Code that identifies the position (see KEY).

16. **HIRE STATUS**

Enter the hire status letter code (see KEY).

17. **DATE HIRED**

Enter the date the person was hired.

18. **DATE TERMINATED**

Enter the date the person was terminated, if applicable

19. **FULL TIME OR PART TIME**

Enter the two-letter code for full time or part time employee (see KEY).

20. **FTE PERCENTAGE**

**All positions must be converted to “Full Time Equivalents” (FTEs).**

If the person was hired into a position that works 40 hours per week, enter a “**1.0**” in this column.

If the person was hired into a position that works **less than 40 hours per week, the FTE must be calculated as a fraction or percent of a 40-hour workweek, and entered in this column.** For example:

20 hrs/wk = 0.5 FTE (20 hrs / 40 hrs); enter **0.5** in the column.

30 hrs/wk = 0.75 FTE (30 hrs / 40 hrs) enter **0.75** in the column.

21. **PERMANENT OR SEASONAL WORKER**

Enter the one-letter code to indicate if the employee is permanent or seasonal (see KEY)

**NOTE:** Permanent, year-round jobs are the priority of the program. **Only permanent jobs may usually be counted.** Temporary construction jobs, other temporary jobs and some seasonal jobs may not be counted. Projects involving primarily seasonal jobs are not generally acceptable under federal CDBG requirements. In order to be counted, a seasonal job must be the **primary occupation** and the **principal source of income** to the low- to moderate-income person for the year. This situation is very difficult to document and is not encouraged for CDBG projects.

22. **RATE OF PAY**

Enter the hourly rate for all positions, even salaried positions.

23. **INCOME LEVEL**

For new hires, the *CALCULATION OF BENEFIT TO LOW AND MODERATE INCOME PERSONS AND RACE AND ETHNICITY CATEGORIES* (income survey form), **EXHIBIT 8-E** should be completed at the time a person is hired. Enter the income level code for each employee, as indicated on completed income survey forms (see KEY).

24. **RACIAL CATEGORY**

Enter the code that corresponds to the appropriate Racial Category for the employee (see KEY).

25. **ETHNICITY CATEGORY**

Enter the code that corresponds to whether or not the employee is Hispanic or Latino (see KEY).

26. **MALE**

Check if employee is male.

27. **FEMALE**

Check if employee is female.

28. **HANDICAPPED STATUS**

Check if employee is handicapped.

29. **FEMALE HEAD OF HOUSEHOLD**

Check if employee is a female head of household.



### EMPLOYMENT TRACKING & DIRECT BENEFIT SUMMARY DATA

NAME OF LOCAL GOVERNMENT: \_\_\_\_\_ 1      FORM COMPLETED FOR QUARTER ENDING \_\_\_\_\_ 7

NAME OF ASSISTED ENTITY/BUSINESS: \_\_\_\_\_ 2      Total FTE Trained to Date/Total LMI Trained to Date \_\_\_\_\_ / \_\_\_\_\_ 8

DUNS NUMBER FOR BUSINESS \_\_\_\_\_ 3      Total Positions Created to Date / Total LMI Hires to Date: \_\_\_\_\_ / \_\_\_\_\_ 9

NAIC CODE \_\_\_\_\_ 4      Total Positions Retained to Date \_\_\_\_\_ 10

DOES BUSINESS PROVIDE HEALTH CARE BENEFITS? \_\_\_\_\_ PAYROLL VERIFIED BY \_\_\_\_\_ 11

CDBG CONTRACT #: \_\_\_\_\_ DATE \_\_\_\_\_ 12

| EMPLOYEE NAME | POSITION<br>NUMBER | JOB<br>CODE | HIRE<br>STATUS* | DATE<br>HIRED | DATE<br>TERMINATED | FT / PT | FTE %<br><small>ie. .5, .75, 1.0</small> | P / S | RATE OF<br>PAY | INCOME<br>LEVEL | RACIAL<br>CAT. | ETHNIC<br>CAT. | M  | F  | H  | FHH |
|---------------|--------------------|-------------|-----------------|---------------|--------------------|---------|------------------------------------------|-------|----------------|-----------------|----------------|----------------|----|----|----|-----|
| 13            | 14                 | 15          | 16              | 17            | 18                 | 19      | 20                                       | 21    | 22             | 23              | 24             | 25             | 26 | 27 | 28 | 29  |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |
|               |                    |             |                 |               |                    |         |                                          |       |                |                 |                |                |    |    |    |     |

#### KEY

##### Job Codes

A - Officials and Managers  
 B - Professional  
 C - Technicians  
 D - Sales  
 E - Office and Clerical  
 F - Craft Workers (Skilled)  
 G - Operatives (Semi-Skilled)  
 H - Laborers (Unskilled)  
 I - Service Workers

##### HIRE STATUS

NHT = FTE In Training  
 NH = New Hire  
 R = Retained

##### FT

PT  
 FTE

##### P / S

M  
 F  
 H  
 FHH

##### Income Levels

EL - Extremely Low  
 L - Low  
 M - Moderate  
 NL - Non-Low/Moderate

##### RACIAL CATEGORY

1. American Indian or Alaska Native  
 2. Asian  
 3. Black or African American  
 4. Native Hawaiian or Other Pacific Islander  
 5. White  
 6. American Indian or Alaska Native and White  
 7. Asian and White  
 8. Black or African American and White  
 9. American Indian or Alaska Native and Black or African American

##### ETHNIC CATEGORY

Y - Hispanic or Latino  
 N - Not Hispanic or Latino

### EMPLOYMENT TRACKING & DIRECT BENEFIT SUMMARY DATA

NAME OF LOCAL GOVERNMENT: \_\_\_\_\_ FORM COMPLETED FOR QUARTER ENDING \_\_\_\_\_

NAME OF ASSISTED ENTITY/BUSINESS: \_\_\_\_\_ Total FTE Trained to Date/Total LMI Trained to Date \_\_\_\_\_ / \_\_\_\_\_

DUNS NUMBER FOR BUSINESS \_\_\_\_\_ Total Positions Created to Date / Total LMI Hires to Date: \_\_\_\_\_ / \_\_\_\_\_

NAIC CODE \_\_\_\_\_ Total Positions Retained to Date \_\_\_\_\_

DOES BUSINESS PROVIDE HEALTH CARE BENEFITS? \_\_\_\_\_ PAYROLL VERIFIED BY \_\_\_\_\_

CDBG CONTRACT #: \_\_\_\_\_ DATE: \_\_\_\_\_

| EMPLOYEE NAME | POSITION<br>NUMBER | JOB<br>CODE | HIRE STATUS* | DATE HIRED | DATE<br>TERMINATED | FT / PT | FTE %<br>ie. .5, .75,<br>1.0 | P / S | RATE OF<br>PAY | INCOME<br>LEVEL | RACIAL<br>CAT. | ETHNIC<br>CAT. | M | F | H | FHH |
|---------------|--------------------|-------------|--------------|------------|--------------------|---------|------------------------------|-------|----------------|-----------------|----------------|----------------|---|---|---|-----|
|               |                    |             |              |            |                    |         |                              |       |                |                 |                |                |   |   |   |     |
|               |                    |             |              |            |                    |         |                              |       |                |                 |                |                |   |   |   |     |
|               |                    |             |              |            |                    |         |                              |       |                |                 |                |                |   |   |   |     |
|               |                    |             |              |            |                    |         |                              |       |                |                 |                |                |   |   |   |     |
|               |                    |             |              |            |                    |         |                              |       |                |                 |                |                |   |   |   |     |
|               |                    |             |              |            |                    |         |                              |       |                |                 |                |                |   |   |   |     |
|               |                    |             |              |            |                    |         |                              |       |                |                 |                |                |   |   |   |     |
|               |                    |             |              |            |                    |         |                              |       |                |                 |                |                |   |   |   |     |
|               |                    |             |              |            |                    |         |                              |       |                |                 |                |                |   |   |   |     |
|               |                    |             |              |            |                    |         |                              |       |                |                 |                |                |   |   |   |     |

#### KEY

##### Job Codes

A - Officials and Managers  
B - Professional  
C - Technicians  
D - Sales  
E - Office and Clerical  
F - Craft Workers (Skilled)  
G - Operatives (Semi-Skilled)  
H - Laborers (Unskilled)  
I - Service Workers

##### HIRE STATUS

NHT = FTE In Training  
NH = New Hire  
R = Retained

##### FT

PT  
FTE

##### P / S

M  
F  
H  
FHH

##### Income Levels

EL - Extremely Low  
L - Low  
M - Moderate  
NL - Non-Low/Moderate

##### RACIAL CATEGORY

1. American Indian or Alaska Native  
2. Asian  
3. Black or African American  
4. Native Hawaiian or Other Pacific Islander  
5. White  
6. American Indian or Alaska Native and White  
7. Asian and White  
8. Black or African American and White  
9. American Indian or Alaska Native and Black or African American

##### ETHNIC CATEGORY

Y - Hispanic or Latino  
N - Not Hispanic or Latino